



ESFIM NATIONAL PROJECT PROPOSAL SOUTH AFRICA

Prepared for:

NATIONAL AGRICULTURAL FARMERS UNION (NAFU) &
INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS (IFAP)

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1 INTRODUCTION

1.1 SCOPE OF THE NATIONAL PROJECT PROPOSAL

The National Project Proposal (NPP) explores potential research themes and questions formulated from the outcomes of the ESFIM SA National Workshop and its follow-up Wrap-up Meeting of the ESFIM SA Coordination Team (see Appendix 1) held on the 22/01/2009, pulling them into definitive research proposals. The NPP is a farmer-based strategy for participatory policy generation to facilitate smallholder farmer access to markets. The process of proposal formulation benefitted from the inputs of the ECART Researcher and the IFAP Regional Coordinator assigned to the project. In addition NAFU and Agri-SA, the main national partners, consulted with and received feedback from the National Agricultural Marketing Council (NAMC), Department of Agriculture (DoA), ComMark, ECI and the University of Pretoria, all of which institutions are engaged in programmes that seek to enhance the access of smallholder farmers to markets.

This document proposes research and programme development that would be essential for addressing the issues of concern raised in the 3 thrust areas identified at the workshop. Identified as equally important is the need for a generic inventory and review of relevant South African policies and programmes and their current and potential impact on smallholder farmer access to markets. This proposal considers this review to be the first thematic area of research work. The NPP explores all the potential research questions and issues in the 3 research thematic areas, but the available ESFIM Phase 2 budget of €42 000 made further selection and work focusing necessary. However, this proposal explores broadly the potential research areas, and the identification of potential research partners and funders for all of these research areas makes it possible to pursue work in the other research themes that cannot be financed from the ESFIM Phase 2 budget. Work that can be covered include policy analysis regarding market access, case studies of successful collective action by smallholder farmers, and the development of an entrepreneurship capacity building programme for smallholder farmers. A number of areas for international comparative study were identified but only one was developed into a research proposal and costed, given budget limitations. In addition to the research areas, the Phase 2 budget also covered 1 national workshop for the presentation and verification of the outcomes of the ESFIM Phase 2 research initiative.

1.2 ESFIM PROGRAMME AND ITS OBJECTIVES

The International Federation of Agricultural Producers (IFAP) initiated ESFIM with the goal of strengthening the capacities of farmers' organisations in developing countries to facilitate access by their smallholder members to markets through the creation of an enabling policy and regulatory environment as well as effective economic organisations. The programme is intended to generate demand-driven action research supportive to the activities undertaken by farmers' organisations within the IFAP network in proposing changes in the institutional and legislative context in order to strengthen their economic organisation as well as foster market institutions that empower smallholder farmers in markets.

The ESFIM Programme has the following specific objectives:

- Assist 11 national farmers' organisations in developing countries with formulating feasible, evidence-based propositions for changes in key elements in the institutional environment that will enable effective marketing strategies for smallholders. This will occur under what is termed the Collaborative Research.
- Support farmers' organisations through shared-learning processes to promote innovative and replicable policies and institutional arrangements that empower smallholder farmers in markets (part of this process will be through studying relevant cases from both developing and developed countries – under what is referred to as Comparative Research).

- Facilitate learning by national farmers' organisations to enable them to use evidence-based information to increase their capacity to influence the lobby agendas and policy and market processes related with smallholder farmers' access to markets. This component of the programme is referred to Learning for Action.

2. THE RESEARCH TEAM

The development of the NPP was a deliberate collaborative exercise to ensure that the final proposal benefitted from the inputs of a range of competent local researchers that were already engaged in either research or programme implementation work for the enhancement of smallholder access to markets. Employing a concept document (developed from the outcomes of the National ESFIM Workshop and the Wrap-up Meeting of the Project Steering Committee) as a foundational discussion document, the Local Consultant engaged the relevant local researchers and invited them to make inputs into the proposals for specified thematic areas of research. The budgeting input of researchers also assured a more realistic costing of the research work proposed, although the total project budget always required a scaling down of proposed thematic budgets. The assigning of a team of researchers to a given theme ensured that the range of experience and professional acumen brought to each thematic work is widened and optimized.

The research team and member qualifications (see attached cvs) and assigned research themes are as follows:

Team Member	Qualifications	Research Theme
Simphiwe Ngqangweni	BSc (Agric Economics), M Inst Agrar (Agric. Economics), PhD (Agric Economics)	1, 2A
Davison Chikazunga	BSc (Agric Economics), MSc (Agric Economics), PhD candidate	1
J Kojo Aihoon	BSc (Hons) Agric Economics, MSc (cum laude) Agric Economics	2A, 2B
Jurgen Hagmann	BSc Geography, MSc Geography/Hydrology, PhD Innovation & Communication	2B
Hlami Ngwenya	B Education, B Honours (Community Nutrition), MSc (Community Nutrition), PhD candidate	2B
Sefora Masia	BA, M A Political Science, PhD Political Science	3

3. THE THEMATIC AREAS OF RESEARCH

The priority for participants in the workshop in Pretoria in January 2009 was how to improve access for smallholder farmers to domestic and regional markets for grains (linked to trading on the commodity exchange) as well as the emerging chain for high value products which has developed around supermarkets and modern wholesale markets. On the basis of this, the focus of the research priorities for South Africa have to be on enhancing the capacity of target farmers to meet minimum volume/quality requirements in the identified markets, including:

- Determining the forms of farmer organization that facilitates collective marketing by smallholder farmers and, related to this, the policy and regulatory reforms required to promote collective marketing groups.
- Further to the above, identifying opportunities for public and donor investment in promoting collective marketing by NAFU members in the identified markets.
- Identifying types of partnerships between smallholder farmers and major market players that assure access to remunerative market opportunities; as well as the policy and regulatory framework required to foster and sustain the partnerships.
- Identifying factors hampering implementation and/or enforcement of existing policies and regulations intended to improve access to remunerative markets and entrepreneurship by smallholder farmers. Related to this, identify any gaps in enabling policies and regulatory systems and propose feasible reforms.

These research priorities constitute the basis for this research proposal, formulated around four main theme areas below:

3.1 *THEME 1: POLICY & PROGRAMME REVIEW*

Mapping the Policy Environment for Smallholder Farmer Incorporation into Markets

3.1.1 Problem Definition and Related Questions

A comprehensive inventory and review of South African **policies, programmes/projects**, the latter including programmes/programmes by government, private sector, NGOs, donors and farmer organisations which can potentially improve access of smallholder farmers to markets. A number of policies and programmes/projects exist at national, provincial and local levels which have been put in place with the specific objective of creating the enabling environment for smallholder farmer access of markets and their profitable operation in these markets. However, there is considerable variability regarding the scope and level of success of implementation of these policies and programmes and whether they have been effective in empowering smallholder farmers in the formal markets. The review would therefore help in creating an understanding of what has worked and why. The questions to be researched include the following:

Question 1: What policies, programmes/projects exist in South Africa that have significance for the access of smallholder farmers to markets? To what extent have these policies and programmes been implemented, and why have they attained/not attained the desired impact at this stage?

Relevant sub-questions include:

- What policies, programmes/projects exist in South Africa that has significance for the access of smallholder farmers to markets?
- What policies, programmes/projects exist for the training and capacity development of smallholder farmer training that prepares them to be able to operate on the formal agricultural markets?
- How adequate are these policies and programmes in addressing the need for smallholder farmers to access agricultural markets?
- To what extent have these policies and programmes been implemented?

- What institutions and resources exist to make these policies and programmes work at national, provincial and local levels, and what are the institutional and resource constraints?
- What level of capacity exists in the relevant institutions (governmental, private sector, NGO, FO) for the implementation of these policies and programmes?

3.1.2 Approach & Methodology

This theme will entail mainly making an inventory and undertaking a review of all policies and programmes relevant to the incorporation of smallholder players into formal markets in South Africa. The approach to be followed will be a comprehensive literature review of applicable government, non-governmental, private sector policies and programs as well as relevant academic publications. The analysis of policy impact will employ the insight and perspectives of key stakeholders involved in policy formulation, policy analysis, programme implementation, farming and the marketing of agricultural products.

3.1.3 Data Collection

Literature will be collected using physical contacts with and solicitations from key stakeholder representatives, as well as internet and library searches. Data collection will gather necessary data and information through literature review and key informant interviews to answer the main research questions raised and key research issues highlighted under *Problem Definition and Related Questions*.

The key informant interviews will gather stakeholder perspective with regards to the impact of policy on smallholder agriculture. We will have interviews with the following potential respondents

- farmer organisations
- commodity associations
- NGOs and other programmes established to enhance farmers access to markets
- government official in the department of agriculture

3.1.4 Analytical Framework

The collected literature will be analysed systematically with a view to:

- establishing the origins and trajectory of policy formulation;
- identifying policy rationale;
- defining objectives and thrusts; and
- assessing the progress and impact of implementation of corresponding programs and projects
- identify key findings and make policy recommendations

The public policy impact chain illustrated in figure 1 can be one way to analyse the relationship between government policies and farms/agribusiness. In South Africa the national agriculture policy strategy has been built around such redistribution of the agricultural economy.

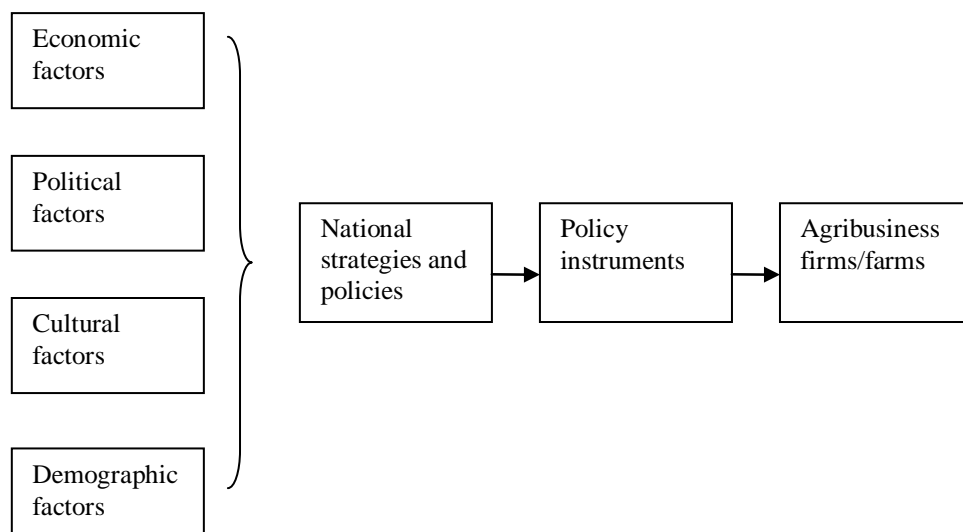


Figure 2: Public policy impact chain

Source: Adapted from Austin 2006

3.1.5 Work Schedule

The proposed work plan for the activities under this theme is as follows:

ACTIVITIES	Week1	Week2	Week3	Week4	Week5	Week6	Week7	Week8	Week9	Week10	Week11	Week12
1. Literature, data collection and review												
2. Data Analysis												
3. Report write-up												

3.1.6 Project Budget

PROFESSIONAL FEES			
Task	Man-days	Daily rate (R)	Total (R)
Interviews, Data and literature collection	10	4,000	40,000
Literature analysis	10	4,000	40,000
Definition of evaluation indicators for policies/programs	2	4,000	8,000
Report write up	8	4,000	32,000
SUB-TOTAL	30		120,000
OPERATIONAL EXPENSES			
Item	Cost/unit (R)		Total (R)
Travel (estimated total 1000km)	R3/km		3,000
Administration, communication, documentation			3,000
Contingencies			1,000
SUBTOTAL			7,000
GRAND TOTAL (excluding VAT)			127,000
GRAND TOTAL (including VAT)			144,780

3.2 THEME 2: FARMER MOBILIZATION FOR COLLECTIVE ACTION -

Theme 2A: Defining the Status of Smallholder Farmer Participation in Formal SA Agricultural Markets and Identifying Effective Models for Collective Action

3.2.1 Problem Definition and Related Questions

Unlike most African countries, South Africa has a developed and flourishing first-world agribusiness sector consisting of commercial agricultural and agro-industrial sectors both of which are served by well established institutional and physical marketing infrastructure, and a legislation and policy environment that is considered by most experts as enabling. With the removal of apartheid legislation and the previously controlled agricultural marketing systems, South African agricultural markets have been open to smallholder farmers since the new democratic dispensation. Questions arising then are:

- Why are smallholder farmers not organising themselves voluntarily to access the existing formal markets? What are the constraints?
- What variables are required for successful collective action to access existing markets – Fresh Produce Markets (FPMs), markets accessible via Commodity Associations including export markets, supermarkets, SAFEX, etc.
- Why is affirmative action in the market, like that offered by the Johannesburg FPM, Pick n Pay, Woolworths, not working for smallholder farmers? What should be done to make smallholder farmers take up the opportunities available?
- Around what does current smallholder farmer collective action for marketing occur – and what policy, institutional and regulatory reforms are required to foster collective marketing by smallholder farmers in South Africa?

Market access for smallholder farmers has a long history in South Africa and other parts of the developing world. Various interventions, both governmental and non-governmental, have been tried in search of successful models of mobilization and collective action for market access. There are some successful examples of smallholder farmer access to existing and new marketing channels in South Africa and other parts of the developing world. Examples of successful models include:

1. Participatory Development Approach – PEA in Limpopo Province;
2. Co-operatives
3. Smallholder/Emerging Farmer Commodity Associations, e.g. NERPO for livestock farming
4. Contract Farming, e.g. sugarcane in Mpumalanga & KwaZulu Natal, Jam tomato in Nwanedi Irrigation Scheme.
5. NASFAM of Malawi.

Questions around appropriate models include:

- Might the way forward for South Africa lie in the adoption of successful models for up-scaling? Is there a single successful model for all smallholder farming situations or is there a need for a variety of models?
- What is the level of inclusivity – i.e. percentage of women/youth - in existing formal markets and smallholder farmer marketing models, including Fresh Produce Markets (FPM), supermarket chains, export markets. Is there discrimination against youth/women in existing markets? YAD & WARD – are they effective in promoting youth and women involvement?
- Given the emphasis/importance of volumes and standards on the markets and the weakness of smallholder farmers in these areas, will appropriate models be those that have integrated strategies that combine market access with production enhancing objectives. NERPO in fact believes South Africa emerging livestock farmers do not have a market access problem because demand exists on formal livestock markets for the animals of this category of farmers. The only problem here is the ability of farmers to produce to meet the volume and quality requirements of the existing markets.

Main research questions under this theme

Question 1: What constrains smallholder farmer voluntary mobilization and collective action in the formal agricultural markets of South Africa? What variables are required for successful smallholder farmer collective access of the formal agricultural markets?

Question 2: What models of collective action for marketing exist in South Africa, what works and what does not work?

Sub-questions include:

- What are the success and failure factors in these models?
- Can successful models be copied?
- How inclusive are these models, in terms of women and youth participation?

Potential case studies:

1. **The Participatory Extension Approach of the LDA**
2. **Commodity Associations:**
 - **NERPO as a successful emerging farmer example**
 - **Wool Growers Association**
 - **Potato South Africa**
3. **Contract Farming – sugar cane; jam (canning) tomato**
4. **Cooperatives – AFGRI; SENWES**

3.2.2 Approach & Methodology

This theme seeks to find answers to questions surrounding limited access of smallholders to formal agricultural markets. It also seeks to find models and learn lessons in cases where successful integration of smallholders

into these markets has, in fact, been achieved in South Africa. A two-pronged approach will be followed in seeking answers to the questions posed above.

Critical assessment of policy and program effectiveness

As a build-up from Theme 1, the starting point under Theme 2 will be to take a critical look at the policy and programming environment created by government for enabling smallholder linkages with a view to assessing why, despite the fact that these policies are highly-regarded on paper, have they not been as effective in practice. A number of internal and external reviews of government policies and programs have taken place in the past. These reviews could assist in shedding light into the questions being asked under this theme. In addition, face-to-face key informant interviews will be used to gather more insight into the shortfalls of government policies and programs in causing voluntary collective action of smallholder farmers to access markets.

Case studies

A number of case studies will be undertaken – at preliminary level - of successful examples of small farmer organizations that operate successfully on the market – selecting from the examples listed above. The objective of these case studies will be to look at some instances where smallholder farmers have been successfully integrated in formal markets and to learn lessons from these in order to inform any possible scaling up. An inventory of public- and private-sector-led interventions will first be made. This will be followed by short-listing of the most relevant ones to be included as part of this theme. The most important outcome from each case study will be practical models that have proven effective in linking smallholders to markets.

Key findings and recommendations

Key findings and lessons from the policy/programme analysis and the case studies will be isolated, leading to recommendations made for policy review/formulation and the successful design and implementation of collective action programmes

3.2.3 Data Collection

Data and literature for the assessment of policies and programs will have been collected under Theme 1. The actual assessment will benefit from key-informants to be drawn from a cross section of stakeholders in the public and private sectors. Data collection will gather necessary data and information to answer the main research questions raised and key research issues highlighted under *Problem Definition and Related Questions*. Data gathered will demonstrate success institutional development process; and factors that determine success or failure of collective action among small farmers.

3.2.4 Analytical Framework

The assessment of policies and programs will be based on a standard monitoring and evaluation framework, focusing on ex-post elements of the framework. A simple descriptive framework will be applied in the writing up of the chosen case studies.

3.2.5 Work Schedule

The proposed work plan for the activities under this theme is as follows:

ACTIVITIES	Week1	Week2	Week3	Week4	Week5	Week6	Week7	Week8	Week9	Week10	Week11	Week12	Week13	Week14	Week15	Week16
1. Assessment of policies and programs																
2. Inventory and data gathering on case studies of farmer integration in formal markets																
3. Report write-up: Assessment and case studies																

3.2.6 Project Budget

PROFESSIONAL FEES			
Task	Man-days	Daily rate (R)	Total (R)
Definition of evaluation indicators for policies/programs	2	4,000	8,000
Assessment of policies and programs	10	4,000	40,000
Inventory and study of case studies	6	4,000	24,000
Report write up	10	4,000	40,000
SUB-TOTAL	28		112,000
OPERATIONAL EXPENSES			
Item	Cost/unit (R)		Total (R)
Travel (estimated total 2000km)	R3/km		6,000
Administration, communication, documentation			3,000
Contingencies			1,000
SUBTOTAL			7,000
GRAND TOTAL (excluding VAT)			119,000
GRAND TOTAL (including VAT)			135,660.00

3.3 THEME 2: FARMER MOBILIZATION FOR COLLECTIVE ACTION -

Theme 2B: Case Study: Documentation of Participatory Extension Approach (PEA) for Dissemination & Up-scaling

Given the limitations imposed by the size of the ESFIM Phase 2 budget, it is proposed that this study, if possible, should be funded under the international comparative research component of the ESFIM Programme. It is not covered by the €42 000 budget.

3.3.1 Problem Definition and related questions

The current ESFIM research work is a search for solutions that could immediately impact the lives and farming business of South African smallholders. For this reason, replicable case studies that are able to address the identified problems of smallholder farmer organization for market access should be given priority. PEA is of particular interest because it is a South African success story that addresses most of the constraining issues of market access raised at the National Workshop, including the methodology's claim to being effective at:

- **Farmer Organizational Development**
- **Entrepreneurship Development in Smallholder Farmers**
- **Development of Beneficial Partnerships between Smallholder Farmers and Support Institutions/Agribusiness.**

However, while evidence exists throughout the Limpopo Province of the impact of PEA on the lives of the participating smallholder farmers, the evidence has not been measured and scientifically documented. The BASED Programme that implemented PEA in Limpopo initiated a process to document its work in 2005 but the resources available for the work was not sufficient for the work to be completed.

In her Keynote Address at the National Workshop, the DDG of the DoA emphasised the Department's recognition of the successful piloting of PEA in the Limpopo Province, and the new role this model could play in South Africa's agricultural development process. Research to up-scale PEA in South Africa could be pursued with the partnership of the DoA, the LDA and other South African institutions. Funding for the dissemination of PEA documentation may also be sourced from international sources. A research project is envisaged that would investigate the mobilization of available documentation of PEA (and the broader PDA) in Limpopo and other parts of the developing world, the completion of existing documentation work to publication standard, mobilization of resources for dissemination of final documentation in South Africa and internationally, and the development of a programme for the national roll-out of a PEA Up-scaling Programme.

The piloting of PEA in Limpopo Province

Looking beyond market access to the broader question of smallholder farmer development, an important part of the solution to the rural development dilemma, as recognised by a growing number of development professionals, is the need to place smallholder farmer development in the hands of the people at the centre of development. It has become clear to development practitioners that the successful move of smallholder farmers from survivalist existence to sustainable commercial farming requires the beneficiaries of this move, the smallholder farmers themselves, to become the leaders of the process. The role of external agents in this

development process has to be redefined and relegated to the facilitation of farmers to successfully mobilize the available resources for agricultural and rural development. This concept of people-centered development was called the Participatory Extension Approach (PEA) by the BASED¹ Programme of the Limpopo Department of Agriculture (LDA), which successfully adopted and piloted it in the province. The innovative and revolutionary Participatory Extension Approach (PEA/PDA) has evolved over the past 12 years from the persistence and dedication of the extension officers and managers of the BASED programme of LDA, NOVAFRICA, the German Technical Cooperation (GTZ) and a wide range of implementation partners such as the University of Limpopo and the Agricultural Research Council (ARC).

While there are coveted examples of successful projects, development history in Africa (and other developing regions) is replete with thousands of failed projects and billions of wasted donor funds, and it makes no difference whether they were planned and implemented by the World Bank or the local government. The search for a development approach that works remains the 'holy grail' of policy makers and development professionals. This is what makes the recent successes of the Limpopo Department of Agriculture (LDA) in smallholder farmer development of particular significance; especially because the success does not reside in individual agricultural projects, but in the approach to development facilitation that gave rise to and sustains those projects. In fact, the success resides with the new breed of emancipated and empowered community members - farmers and other community leaders that have regained the power to lead and drive their own development, commanding hitherto untapped local and external resources and services for own growth and development. It is the regaining of lost self-confidence and self-respect of rural people that are actively managing own development and controlling own destiny that best signifies the success of the PEA development experience.

PEA has seen the successful mobilization of smallholder farmers into farmer organizations (FOs) networked at local, regional and provincial levels and the linkage of these FOs to governmental and NGO support service institutions. FOs established through PEA in the 5 districts of the province successfully access and mobilize the relevant local and external resources required for the production and marketing of a wide range of products that meet local nutritional needs, such as high protein maize varieties and groundnuts, as high value agricultural commodities, including seed maize and vegetables aimed at lucrative markets.

A number of local experts have been involved in the development of PEA. Dr. Jurgen Hagmann was involved in the conceptualization and initial implementation of the PEA Programme in Limpopo; Kamarunga Banda as CEO was involved in the establishment and development of NOVAFRICA, an organization established by the LDA, GTZ and other partners for the training of LDA extension officers in the PEA; and Kojo Aihoon was responsible for the preliminary documentation of the theory and practice of PEA across the districts of the Limpopo Province. The latter documentation exercise was not completed for lack of funding, although sufficient audio-visual and written material exist that may be considered about 60% of the documentation work required.

PEA and entrepreneurship development

Entrepreneurship is often believed to be an inherent human characteristic that will differentiate a successful commercial farmer from a non-successful one. Most smallholder farmers in South Africa are subsistence farmers who do not have a profit motive and are believed not to be entrepreneurs. However, South Africa now has new category of farmers that are termed emerging, these are commercial farmers small-scale, medium-scale or large-scale in size of operation. This category operate their farms with the profit motive and are expected to have the entrepreneurial characteristics. In the developing farmer environment, it is a characteristic that will be associated with successful commercial farmers, even if smallholders. They are identified as the self-starters and the innovators in the farming communities. The PEA experience, on the other hand has examples of subsistence

¹ Broadening Agriculture Services and Extension Delivery (BASED)

farmers who had very little going for them until PEA came along to get subsistence farmers mobilised, organized and motivated to begin to look at farming as a commercial activity. Some of such smallholder farmers have moved from subsistence to small-scale commercial farming in even non-traditional products like seed maize. This development example indicates that external motivation could unearth the entrepreneur in smallholder farmers, turning them from 'non-starters' into self-motivated, self-reliant agents for own development.

Main research questions under this theme

Question 1: What is the Participatory Extension Approach (PEA)? What is the evidence of its success in Limpopo Province and how can its success be up-scaled in South Africa?

Relevant sub-questions include:

- What is the theoretical basis of PEA?
- How was PEA implemented in the Limpopo Province and elsewhere in the developing world?
- What is the evidence of PEA's success in the districts of Limpopo Province and what factors contributed to this success?
- What is the evidence of PEA/PDA success elsewhere in the developing world?
- How did PEA promote entrepreneurship development among smallholder farmers?
- How did PEA promote the development of beneficial partnerships between smallholder farmers, the FOs and support service institutions/agribusiness.
- How should PEA documentation be packaged for dissemination?
- What will be the process and cost of up-scaling PEA for adoption at national level?

3.3.2 Approach & Methodology

This project will involve 3 main activities: documentation, dissemination and the up-scaling of PEA.

Documentation – The documentation of PEA is a comprehensive case study, a holistic in-depth investigation of the collective action methodology. The objective of documentation will be to capture the perceived impact of PEA in a systematic and scientific form and packaged in appropriate format for training and field practice and adoption. This will commence with the gathering and review of all existing and relevant literature on PEA in Limpopo and elsewhere. Field visits will be undertaken to the offices of the Limpopo Department of Agriculture's BASED Programme and the districts where PEA is in practice to gather relevant information to fill the information/data gaps identified through literature review. The gathered information/data will be analysed and presented in appropriate documentation packages which could include brief pamphlets/booklets, training manuals for field practice and training and full content book that covers the theory and practice of PEA.

The documentation will cover 2 aspects of the practice of PEA –

1. The theory and history of participatory development approaches as well as PEA in Limpopo, and
2. The practice and impact of PEA in practice in Limpopo and elsewhere.

Dissemination – the project will describe the process and activities that will be required to disseminate the outputs of the documentation process. The project will identify the different forms of documentation outputs/products – pamphlets/ books/ DVD clips that will be required for different purposes. The cost of dissemination will be determined, potential funders will be identified and contacted to determine the potential sources of grant funding; and a schedule will be provided for its implementation.

Up-scaling – the practice and perceived impact of PEA having been captured will become a tool for dissemination and adoption across South Africa, and other parts of the developing world. This project will investigate and define the implementation plan for the national roll-out of PEA

3.3.3 Data Collection

The project will gather and analyse existing programme review reports and products of partial documentation exercises undertaken in the past by institutions such as BASED, GTZ, NOVAFRICA, etc. Key informant interviews will gather data and perceptions of PEA from all stakeholders involved in the implementation of PEA in Limpopo. This will involve farmers, FO leaders, officers of the LDA BASED Programme, community leaders at the local and district levels, ARC researchers, service providers and input suppliers working with farmers, etc.

Potential project partners and funders of the dissemination of documentation products and the national roll-out of PEA such as government at national, provincial and local levels will be interviewed and their willingness to fund the programme will be determined.

Potential Project Partners/funders include:

- DoA
- LDA
- **Sources of dissemination funding: Government and donor sources of funding**

3.3.4 Analytical Framework

The documentation will capture and analyse relevant information/data to define the following:

A. **The process and practice of collective action/farmer organization** and its outcomes in Limpopo and elsewhere practiced, including:

- farmer organizational/institutional development
- farmer development and entrepreneurial development in smallholder farmers
- local/rural institutional development for local and regional economic development

B. **The development impact of PEA** including the following aspects:

- Socio-economic impact on farmer livelihoods
- Institutional development – farmer organization and community institutional development

C. **Key findings and recommendations for policy formulation and programme implementation**

Before (baseline data) and after intervention statistical data will be gathered for the analysis of project impact. Using multiple sources of data, a triangulation strategy will be employed to confirm the impact of the PEA methodology.

3.3.5 Work Schedule

The proposed work plan for the activities under theme 2B is as follows:

ACTIVITIES	Week1	Week2	Week3	Week4	Week5	Week6	Week7	Week8	Week9	Week10	Week11	Week12	Week13	Week14	Week15	Week16
1. Literature gathering & review																
2. Interviews, Data gathering and Analysis																
3. Document compilation																

3.3.6 Project Budget

PROFESSIONAL FEES			
Task	Man-days	Daily rate (R)	Total (R)
Literature gathering and review	16	4,000	64,000
Interviews, data gathering and analysis	20	4,000	80,000
Document compilation	20	4,000	80,000
SUB-TOTAL	56		224,000
OPERATIONAL EXPENSES			
Item	Cost/unit (R)		Total (R)
Travel – 2000km	R3/km		6000
Administration, communication, documentation			3,000
Contingencies			1,000
SUBTOTAL			10,000
GRAND TOTAL (excluding VAT)			234,000
GRAND TOTAL (including VAT)			266,760

3.4 ***THEME 3: ENTREPRENEURSHIP DEVELOPMENT -***

Enhancing entrepreneurship through dedicated market capacity building programme (Part 1)

3.4.1 Problem Definition and Related Questions

The National Workshop defined an 'Entrepreneur' in the context of the smallholder farmer as one that is:

- Farming for the financial bottom-line (with financial sustainability in mind)
- Able to make strategic business decisions
- Working with Operational Systems (farm records, information on regulation systems...)
- Market oriented (understands and adapts to changing market patterns; able to open new markets and starts own initiatives)

- In line with the relevant product quality standards/ certification

The question raised, whether entrepreneurship could be developed in smallholder farmers as a component of the farmer organizational development process is believed to be answered by the PEA farmer development process, and this is addressed under Theme 2B above. The following research theme addresses entrepreneurship development, giving particular emphasis to their ability to access the formal agricultural markets.

The question of inadequate capacity was identified at both farmer and FO levels, especially in the area of market access and product marketing. A detailed study is proposed to investigate, plan, and compile a Marketing Capacity Development Programme with the appropriate curriculum and an Implementation Programme. The proposed training will include field tours for smallholder farmers that will link them to existing marketing organizations and structures, such as the fresh produce markets, supermarket purchase offices, SAFEX agricultural exchange, contract buyers such as processing plants, export agencies, etc. The training programme has to be so practical farmers leave the training to go and implement own marketing plans based on signed marketing contracts, and are subsequently able to access real time commodity and other relevant market information. The training outputs would include individual marketing plans with implementation schedules and committed market partners. The training programme could have the following 2 components:

1. **Smallholder Farmer Practical Market Training** – Practical Market Training at commodity level that provides smallholder farmers with basic marketing skills that allows each farmers/FOs to understand the institutions that operate on specific commodity markets, how to access market information and market infrastructure relevant to the specific commodity. This training should be limited in theoretical content but complete in its practical application.
2. **Smallholder Farmer Market Exposure Tours and Market Linkages** – Market Exposure Tours as part of a capacity development programme for smallholder farmers on market access for profitable participation. Provincial Tours should expose farmers in each province to the market opportunities that exist in each province. Farmers from all the provinces should also be exposed through a National Tour to the main national marketing opportunities and institutional structures.

Implementation Partners – for the capacity development programme, the study should investigate the participation and potential funding support from the following institutions: DoA, Agri-SETA, donor sources, Provincial Departments of Land Affairs, Provincial Departments of Agriculture, ARC, NAMC, ECIAfrica, Johannesburg FPM Academy, Agri-SA, Commodity Associations, PPECB, ComMark, Market Agents, SAFEX, Universities (e.g. Pretoria (UP), Freestate, Stellenbosch, KwaZulu), Agricultural Colleges, AgriSETA; Supermarkets – Pick n Pay, Woolworths, Shoprite.

3.4.2 Approach and methodology

While the proposal below gives the full detail of intended programme development work (Parts 1 and 2), only part of the work can be covered by the available budget. Part 1 of this work includes the gathering of literature and other field data by telephone or email. It ends with the development of a Concept Document that will be used for fund raising and the detailed programme development work.

PART 1:

Phase 1: Inception

At project inception we will also seek to agree on the sources of data and stakeholders to be consulted. By the time we come for this meeting we would have already drawn up a list of stakeholders to contact. The list will be

according to the level of their involvement in entrepreneurship capacity building for smallholder farmers and the extent to which they can make inputs relevant to specific questions posed for this theme.

Phase 2: Literature review and data collection

At this stage the research team will review key relevant documents, draw up a set of questions to be used to gather information. The research team will start with information gathering from selected key stakeholders relating to the Theme 3 issues that the study is to address. This stage will include the following:

1. **Document review** on smallholder farmer entrepreneurship training programmes and training courses at Agric colleges/schools. This will be a comprehensive review of existing smallholder farmer training courses at Agric colleges/schools to determine how the training content promotes farmer entrepreneurship and successful sustainable market participation.
2. **Review of international best practice and successful models** of smallholder farmer entrepreneurship training for successful market participation.
3. **Institutional surveys** will be undertaken to determine the willingness and capacity of institutions to participate in the areas of funding, market field training, and training delivery.

PART 2:

4. **Farmer training needs assessment and other surveys** will be undertaken to determine what is required for adequate farmer development for successful and sustainable market participation. This will include a survey of farmers and smallholder FOs, using mainly focus group discussions.

Phase 3: Analysis and Training Development

This phase will include the following activities:

1. **Curriculum development training implementation programme** will be undertaken by the study team after a determination of the essential components of the appropriate practical market training suitable to smallholder farmers through a review of existing training and its shortcomings and strengths, through knowledge of the South African agricultural markets and marketing channels, from international best practice and from relevant theories of smallholder farmer capacity development. A detailed training implementation programme will be developed to present training venues, costs, funders, schedules and participating training institutions.
2. **A National Verification Workshop of farmers and stakeholders** will be undertaken to present the findings of this study, such as the outcomes of the training needs assessment; and the proposed training curriculum will be discussed for participant inputs and verification. Participants to be invited will be farmer representatives, market institutions that will participate in the field training and market linkage programme, government and other potential funders of the programme and potential training institutions that will deliver the training programme.
3. **Finalization of curriculum and project report writing** – the training curriculum will be modified to reflect the inputs of participants at the workshop. In addition to the training curriculum and implementation programme, major findings and recommendations of the study will be presented in a detailed project report.

3.4.3 Data Collection

Information and Data collection approaches

During Part 1 of the study, only literature, telephonic and mail sources of information will be gathered. Different information and data collection approaches will be used for gathering data from different stakeholders during Part

2; this will range from focus group discussions, surveys, and one-on-one interviews and in some cases telephone interviews.

Data will be collected from the following specific surveys:

- **Survey of marketing and training institutions** willing to participate in entrepreneurial training for smallholder farmers (Part 1)
- **Survey of farmers** for entrepreneurial training needs (Part 2)

Identification of potential funding institutions for smallholder farmer entrepreneurial training: The stakeholders will range from Government Departments, Commodity Associations, and Organized Agricultural Groupings such as NAFU, AgriSA, GrainSA, NAMC and some Fresh Food Markets, e.g., Johannesburg, Tshwane, Bloemfontein. Cooperatives Organizations, Clients of Cooperatives; a cross-section of individual farmers.

3.4.4 Analytical Framework

This will be mainly for analysis of information and data collected in the Phase 1 and the surveys done in the Data Collection stage above. The analysis of data gathered should provide information that includes farmer entrepreneurial skills, qualification levels and training needs for successful, profitable and sustainable market participation.

Professional sampling and statistical data analysis methodologies will be used to analyse data.

Part 1 Deliverable

At the end of Part 1, which shall be a desktop study, a **Concept Document** will be produced that defines the proposed smallholder farmer entrepreneurship development programme, based on best practice and stakeholder views that can be canvassed by telephonic conversation and email. This document will also contain the contact details of all potential funders and programme participants that have been contacted and their responses. It will however not involve field survey of farmers and farmer needs analysis, neither will it contain the training curriculum, all of which will be developed in the Part 2 of the study.

3.4.5 Work Schedule

The proposed work plan for the activities under theme 3 is as follows:

ACTIVITIES	Week1	Week2	Week3	Week4	Week5	Week6	Week7	Week8	Week9	Week10	Week11	Week12	Week13	Week14	Week15	Week16
1. Literature gathering & review																
2. Concept Document compilation (Part 1)																
3. Surveys; Analysis; Curriculum and training programme development																
4. National Verification Workshop																
5. Finalization of curriculum and Report writing																

3.4.6 Project Budget

PROFESSIONAL FEES			
Task	Man-days	Daily rate (R)	Total (R)
Literature gathering and review	4	4,000	16,000
Field data gathering and analysis	4	4,000	16,000
Report write up	10	4,000	40,000
SUB-TOTAL	20		72,000
OPERATIONAL EXPENSES			
Item	Cost/unit (R)		Total (R)
Data gathering			2,000
Administration, communication, documentation			3,000
Contingencies			1,000
SUBTOTAL			6,000
GRAND TOTAL (excluding VAT)			78,000
GRAND TOTAL (including VAT)			88,920

4 PROJECT MANAGEMENT

While IFAP is responsible for the overall management of the programme and its monitoring and evaluation, the NFO (NAFU) shall be responsible for the overall management of the Phase 2 of the ESFIM Programme, the South African Collaborative Research that will emanate from the NPP. In the absence of the detailed **ESFIM Methodology for Phase 2**, it is not clear whether the Local Consultant or NAFU secretariat will be responsible for the day-to-day management of the ESFIM Phase 2. An amount of **R40,000** has been allocated to the project management task. To ensure that the research work is truly collaborative, field work will in each thematic study involve the consultation of farmers and main national stakeholders. The Project Manager will ensure that this collaboration occurs and is effective, ensuring the involvement of all stakeholders, especially the farmers in question. The project manager will also organize a National Verification Workshop at the end of the research

work at which all stakeholders will verify and adopt the research outcomes for implementation. An amount of **R60,000** has been budgeted for the National Verification Workshop.

For the purposes of efficient project financial management, it is proposed that a dedicated bank account be established for the SA ESFIM project, whose signatories shall include the NAFU CEO and the dedicated Project Manager.

5 OVERALL PROJECT BUDGET

The overall project budget is summarised as follows:

Activity	Cost (R)
Theme 1	144,780
Theme 2A	135,660
Theme 2B	
Theme 3	88,920
National Verification Workshop	60,000
Project Management	40,000
Grand Total	469,360

APPENDIX 1

ESFIM COORDINATION TEAM WRAP-UP MEETING – 22/01/2009

The following are notes taken at the ESFIM South Africa Coordination Team wrap-up meeting on the 22/01/2009, the 3rd day of the National Workshop. Flip charts from the Workshop that captured the main constraints/issues of smallholder farmer access to markets were displayed to remind the meeting of the important outcomes of the workshop. The group presentations on the 3 thrust areas identified at the workshop were also circulated as point of reference. The discussions were around potential research themes that emanate from the workshop outcomes. The main points of the Coordination Team discussions are grouped in line with the 3 thrust areas.

Date: 22/01/2009

Venue: Leriba Lodge

Attendance:

1. Molefe Mokwena – NAFU CEO
2. Kojo Aihoon – Local Consultant
3. Jack Wilkinson – IFAP
4. Hiba el Bader – IFAP Regional Coordinator
5. Gideon Onumah – ECART Researcher

DISCUSSION NOTES: ESFIM SA RESEARCH THEMES

A. FARMER MOBILIZATION FOR COLLECTIVE ACTION

1. In this theme area the following questions were raised as worthy of investigation:
 - SA agricultural markets are open to smallholder farmers, so why are smallholder farmers not organising themselves voluntarily to access the existing formal markets? What are the constraints?
 - What variables are required for successful collective action to access existing markets – Fresh Produce Markets (FPMs), markets accessible via Commodity Associations including export markets, supermarkets, SAFEX, etc.
 - Why is affirmative action in the market, like that offered by the Johannesburg FPM, Pick n Pay, Woolworths, not working for smallholder farmers? What should be done to make smallholder farmers take up the opportunities available?
 - Around what does current smallholder farmer collective action for marketing occur – is it markets, volumes, standards?
 - What is the level of inclusivity, i.e. percentage of women/youth, in the existing markets: e.g. FPM and in formal agricultural markets in general?

- Is there discrimination against youth/women in existing markets? YAD & WARD – are they effective in promoting youth and women involvement?
- 2. **Successful Models** - Examples of successful collective action models include: Participatory Development Approach – PEA in Limpopo Province; Co-ops; Commodity Associations; Contract Farming; NASHFARM of Malawi.
- 3. **NAFU's Role in Farmer Mobilization** - Smallholder farmer mobilization and organization for collective action has been identified as a prerequisite for market access and for general farmer development. NAFU stands in the unique position of being able to bring to the smallholder farmer development process in South Africa the identified essential component of farmer mobilization and organization for collective action. The strategic planning and positioning proposed at the workshop will be a necessary step for NAFU in this direction.
- 4. **Production & Market Access** - Given the emphasis/importance of volumes and standards on the markets and the weakness of smallholder farmers in these areas, there is need for integrated strategies that combine market access with production enhancing objectives.

B. PARTNERSHIPS

1. **Lack of Trust** among farmers and between farmers and market partners can be solved by studying for inclusion in partnership contracts appropriate dispute resolution mechanisms – Tribunals, formal courts, Appropriate Partnership Contracts with provisions to protect small farmers. The history of group projects in the South African Land Reform Programme, especially in Land Redistribution and Restitution sub-programmes is replete with large numbers of projects that failed as a result of collective action in what was called “group projects”. These projects failed due to the breakdown of trust among group members and the ensuing conflict. Group projects have subsequently gained a bad reputation that could be passed on to all other forms of collective action among smallholder/emerging farmers.
2. **Conflict Resolution Provisions** - This makes it necessary to find conflict resolution mechanisms that will safeguard collective action among farmers in the developing agricultural sector.
3. **NAFU as a Regulator/Moderator** – Starting with an MOU between Agri-SA/Commodity Associations on one hand and NAFU (as representative of smallholder farmers) on the other hand that identifies and irons out all potential areas of mistrust and fears of small farmers, and which provides conflict resolution mechanisms could be one way of addressing fears that exist and conflict that could result in the relations between commercial farmer Commodity Associations and smallholder farmer members.
4. **Government Institutions as Regulator/Moderator** - The **Regional Land Claims Commission (RLCC)** currently exercises regulatory supervision overall strategic partnerships that beneficiaries of land claims enter into with white farmers and all external business entities, to ensure that these partnerships benefit the claimants. The **DoA** could have similar supervisory role over all partnership contracts smallholder farmers enter into with agribusiness entities. A model Partnership Contract could be developed for this purpose that has the appropriate **Service Level Agreements (SLA)** to protect smallholder farmers.

C. ENTREPRENEURSHIP

1. **The Nature of Entrepreneurship – Inherent or Acquired:** Entrepreneurship is often believed to be an inherent human characteristic that will differentiate a successful farmer from a non-successful one. In

the developing farmer environment, it is a characteristic that will be associated with successful commercial farmers, even if smallholders that did it on their own, the so-called self starters. They are usually identified as the self-starters and the innovators in the farming communities. The PEA experience, on the other hand has examples of subsistence farmers who had very little going for them until PEA came along to get subsistence farmers mobilised, organized and motivated to begin to look at farming as a commercial activity. Some of such smallholder farmers have moved from subsistence to small-scale commercial farming in even non-traditional products like seed-maize.

2. **DoA Sees Role for PEA in Farmer Mobilization:** In her Keynote Address, the DDG of the DoA emphasised the Department's recognition of the successful piloting of PEA in the Limpopo Province, and the new role this model could play in South Africa's agricultural development process. Research to up-scale PEA in South Africa could be pursued with the partnership of the DoA.

D. POLICY & PROGRAMME REVIEW

A comprehensive Inventory and Review of South African Policies, Programmes, Projects – government, private sector, NGO, FO - that have potential impact on the access of smallholder farmers to markets will be important to this work.

Relevant questions:

- What policies, programmes/projects exist in South Africa that has significance for the access of smallholder farmers to markets?
- What policies, programmes/projects exist for the training and capacity development of smallholder farmer training that prepares them to be able to operate on the formal agricultural markets?
- How adequate are these policies and programmes in addressing the need for smallholder farmers to access agricultural markets?
- To what extent have these policies and programmes been implemented?
- What institutions and resources exist to make these policies and programmes work at national, provincial and local levels, and what are the institutional and resource constraints?
- What level of capacity exists in the relevant institutions (governmental, private sector, NGO, FO) for the implementation of these policies and programmes?

E. STEERING COMMITTEE

The SA ESFIM Project Steering Committee – Coordination Team - was formalised at this meeting, as consisting of the following membership:

1. NAFU
2. Local Consultant
3. Agri-SA
4. NAMC
5. Commodity Organizations – on invitation, as and when needed (e.g. Milk Producers Organization)

6. ECART Researcher

F. REPORTING TIMELINES

The Local Consultant set the target of Friday 30/01/2009 to get the Workshop Report ready.