



# Supporting smallholder farmers to enter the South African organic sector

*A research project facilitated by SAFL and funded by GIZ*

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# Abbreviations

Agri-SCIP	Agricultural Sustainable Community Investment Programme
BONM	Bryanston Organic and Natural Market
DAFF	Department of Agriculture, Forestry and Fisheries
DTI	Department of Trade and Industry
EM	effective micro-organisms
EU	European Union
FiBL	Research Institute of Organic Agriculture
FRIDGE	Fund for Research into Industrial Development, Growth and Equity
GM	genetically modified
GIZ	German Federal Enterprise for International Cooperation
HCM	Hibiscus Coast Municipality
ICS	internal control system
IFOAM	International Federation of Organic Agriculture Movements
INOFO	Intercontinental Network of Organic Farmers Organisations
ISAN	IFOAM Southern Africa Network
NAMC	National Agricultural Marketing Council
NGO	non-governmental organisation
OASSA	Organic Agriculture Sector of South Africa
OSSIC	Organic Sector Strategy Implementation Committee
PGS	participatory guarantee system
PGS-SA	Participatory Guarantee System South Africa
PLAAS	Institute for Poverty, Land and Agrarian Studies
PPP	public private partnership
SABS	South African Bureau of Standards
SAFL	Southern Africa Food Lab
SAOSO	South African Organic Sector Organisation
SFSC	short food supply chain
SI	Sustainability Institute
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
WWF	World Wildlife Federation
WTO	World Trade Organization

# Key findings

The German Federal Enterprise for International Cooperation (GIZ),<sup>1</sup> commissioned the Southern Africa Food Lab (SAFL) to conduct a facilitated process pivoting on a study of the organic sector in South Africa, with Naturland<sup>2</sup> complementing certain activities of the study. The overarching aim of the study was to identify ways through which smallholder farmers could be supported to enter the sector. This section contains a list of key findings of the study, which are contextualised and discussed in the rest of the report.

The key findings related to the nature of the South African organic sector and the market for organic produce include:

- The South African organic sector lacks fruitful institutional representation and government support.
- Except for a small working group, the South African Organic Sector Organisation (SAOSO) is considered an inactive representative body.
- Since its inception, SAOSO has failed to gain representative membership of the organic sector in South Africa.
- South Africa suffers from the lack of an active organic policy and legislated organic standards.
- The new SABS-endorsed participatory guarantee system (PGS) framework has the potential to institutionally grow the South African organic sector.
- Statistical records on organics in the public domain appear methodologically unreliable for South Africa and the unwillingness of international certifiers to share statistics further contributes to a lack of reliable data.
- According to grey literature and personal communication with retailers and industry actors, demand for organic products in South Africa appears to be growing.
- Inadequate supply of organic produce is reported as the main constraint to more rapid market development.
- Barriers to third party organic certification continue to be high fees, language, and literacy issues.
- Production, certification, and markets in South Africa are split:
  - Third party certified organic farmers are few in number, yet they supply export markets and, to a lesser degree, supermarkets.
  - Uncertified and PGS certified smallholder farmers are greater in number yet, due to the inaccessibility of more formal markets, can only supply their local communities or local franchised supermarket outlets to a lesser degree.
- Processing offers a key entry point for anyone wanting to enter the organic sector, yet remains an undocumented segment of the value chain.

The key findings related to ways of supporting smallholder farmers to enter the South African organic sector include:

- While smallholder organic agriculture is successfully expanding in other African countries, most notably Uganda, Tanzania and Egypt, in South Africa very few documented success stories exist.
- It is unclear whether the failure of smallholder organic projects in South Africa is due to their organic nature, or whether the reasons are common to both conventional and organic projects.
- Smallholder farmers can adapt to this highly regulated form of agriculture and access markets, through the formation of group structures and PGSs for local markets, as well as third party group certification for local or export markets through internal control systems (ICSs).
- Market-orientated or smallholder capitalist farmers are most likely to enter the organic sector in South Africa, but require continued training and support in organic farming, business and managerial skills and institution building from sources such as government extension, non-governmental organisations (NGOs) or public private partnership (PPP) projects.

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<sup>1</sup> GIZ is a company owned by the German Federal Government, which specialises in international development: <http://www.giz.de/de/html/index.html>.

<sup>2</sup> Naturland is a German non-governmental organisation (NGO) established in 1981, which currently certifies a number of organic producers in South Africa and is looking to increase its presence in the country: <http://www.naturland.de/en/>.

- The new SABS-endorsed PGS framework will accommodate the nature of smallholder farming and local markets.
- Key entry points for future smallholder farmers to the organic sector include:
  - The sector's acceptance of efforts to transition to organic production
  - Producing organic production inputs, such as organic animal feed
  - Producing cheaper organic products for local markets
  - Setting up organic processing enterprises
  - Groups getting certified in PGs or ICSs to wild harvest medicinal plants for export
  - Out-grower schemes between smallholder farmers and the retail sector, if smallholder farmers can maintain a degree of autonomy.

These key findings should be read in combination with the recommendations at the end of this report.

# Introduction

The German Federal Enterprise for International Cooperation (GIZ) commissioned the Southern Africa Food Lab (SAFL) to conduct a facilitated process pivoting on a study of the organic sector in South Africa, with Naturland complementing certain activities of the study. The overarching aim of the study was to identify ways through which smallholder farmers could be supported to enter the sector. The objectives of the project were to:

- Understand the organic sector in South Africa in its current form
- Establish new insights, relationships, and intentions to grow the sector
- Develop shared views on the future of smallholder-led organic farming
- Identify the constraints and market opportunities for smallholder farmers
- Seed ideas from which to innovate and support smallholder farmers to enter the organic sector.

This report documents the process and key findings of the study. It opens with a brief background of the SAFL's work with smallholder farmers, and outlines the characteristics of smallholder farmers considered ready to enter the organic sector. The six integrated research steps of the study are then described. Instead of outlining, and possibly duplicating findings from each step, the main research findings are discussed in a separate section at the end of the report. The report concludes with a set of key recommendations to GIZ, Naturland, and other institutions working with, or interested in working with smallholder farmers in South Africa.

## SAFL's work in smallholder agriculture

The SAFL is a civil society initiative, housed under the umbrella of the Food Security Initiative at Stellenbosch University. The SAFL brings together diverse stakeholders with influence in the regional food system in order to identify and pilot innovative means of acting within agro-food value chains to enhance long-term food security. In essence, SAFL facilitates collaboration and dialogue between stakeholder groups to raise awareness and foster innovations and experimental action. In order to achieve the organisation's goals of affecting food system change, the SAFL has focused its attention on a number of activities:

- Supporting smallholder farmers
- Convening a Transformative Scenarios Process, an authoritative, inclusive effort to positively transform the way food is produced, processed, and consumed in South Africa
- Hosting dialogues on food security in urban design and management
- Facilitating a learning and social dialogue process on social protection and livelihoods.

The SAFL's efforts to support smallholder farmers have centred on a project called Supporting Smallholder Agriculture (SSA). The initial phase of this three-year project saw the SAFL convening processes of social dialogue, policy debate, media dissemination, and institutional learning. This phase of the project produced foundational knowledge, identified the key stakeholders and access points to enter and affect the smallholder farmer system, and formulated a number of innovations designed to shift smallholder agriculture. Five innovations collectively address many of the underlying smallholder farmer development issues: Farmer Voices; Agro-Ecosystem Awareness; Food Safety, Ethical, and Environmental Standards; Building Local Economies – how smallholder farmers make markets work for them; and Extension and Farmer Support Services.<sup>3</sup>

The second phase of this project consists of the practical implementation of these innovations and entails working in two geographically defined areas: the Mopani district in Limpopo Province and the Umkhanyakude district in KwaZulu Natal (KZN) with a large group of smallholder farmers, relevant local authorities and other stakeholders. The second phase pivots on the approach of actual co-design and co-

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<sup>3</sup> More information about each innovation is available on the SAFL website: <http://www.southernAfricaFoodLab.org/-/supporting-smallholder-agriculture.html>.

implementation, creating the conditions for experimentation, learning, adapting and doing differently, as well as enabling leadership.

Although the GIZ organic study did not form part of the innovations that emerged from the first phase of the SSA project, there were some key overlaps with these innovations. The SAFL was thus ideally positioned to investigate the organic sector from a smallholder perspective. The findings from the organic study have also informed future iterations of the SAFL innovations, for example, the consideration of participatory guarantee systems (PGSs) as a more appropriate standard monitoring system for smallholder farmers than third party certification.

## Smallholder typologies

Much usage of the term “smallholder” suggests that it denotes a relatively homogenous group, and fails to distinguish between smallholder producers. Smallholder farmers are also perceived to merely farm on small plots of land ranging from 0,5 to 2 ha. Further output that emerged from the first phase of the SSA project was refined typologies of smallholder farmers in South Africa from the Institute for Poverty, Land and Agrarian Studies (PLAAS), as depicted in the table below (Cousins & Chikazunga 2013). These typologies move beyond the common perceptions that smallholder farmers form one homogenous group of farmers, farming on small pieces of farmland.

Aside from the typologies outlined in the table, Cousins also provided a definition of smallholders that is relevant to the South African context:

Smallholders are small-scale farmers who use farm produce for home consumption to some degree, and use family labour within the farming operation to some degree, but for whom farming contributes a highly variable amount of cash income via marketing of farm produce. Levels of mechanisation, capital intensity and access to finance are also variable among such farmers (SAFL & PLAAS 2013:3).

Table 1: Typology of smallholders in South Africa today

	Subsistence-oriented smallholders	Market-oriented smallholders in loose value chains	Market-oriented smallholders in tight value chains	Small-scale capitalist farmers
<b>Objective of production</b>	Household consumption	Household consumption + cash income	Cash income + some home consumption	Profit
<b>Proportion of marketed output</b>	None or insignificant	50% or >	75% or >	100%
<b>Contribution to household income</b>	Reduces expenditure on food	Variable – from small to significant	Significant	Very significant
<b>Labour</b>	Family	Family + some hired	Family + significant numbers hired	Hired
<b>Mechanisation</b>	Very low	Low	Medium to high	High
<b>Capital intensity</b>	Very low	Low	Medium to high	High
<b>Access to finance</b>	Absent	Some	Significant	Very significant
<b>Households in SA</b>	2–2.5 million	200–250 000	?	?

Source: SAFL and PLAAS 2013:3

The GIZ organic research project specifically considered those smallholder farmers regarded as market-oriented, whether in loose or tight value chains, and smallholder capitalist farmers. The motivation behind this sampling derived from the *Food Safety, Ethical, and Environmental Standards* innovation from the SSA programme, which found that market-orientated smallholder farmers, and especially capitalist farmers, were more likely to succeed in complying to market-set standards.

This overarching market-orientated group includes smallholder farmers who sell at least 50% of their produce to markets for household income. These farmers hire at least some labourers who are not their own family members. They have access to finance, as their farms have low to high capital intensity, and there is at least some mechanisation on their farms. The total number of farmers in these three groups is unknown, but it is greater than 200 000 farmers.

## Is organic agriculture appropriate for smallholder farmers?

South Africa's dualistic agrarian structure comprises around 35 000 large-scale, mostly white commercial farmers that produce most of the country's marketed output and a much larger number (approximately 4 million) of smallholder, black farmers who are largely confined to the ex-Bantustans (Aliber & Cousins 2013). Furthermore, in South Africa the formal agri-food sector is dominated by four large domestic retail chains (Shoprite/Checkers, Pick n Pay, Spar, and Woolworths), and a number of smaller food retail chains and fuel service station shops. These stores account for over 70% of the food retail business in South Africa (Ntloedibe cited in Dannenberg 2013).

The growth of these retail chains as the dominant players in the South African agri-food sector has transformed the domestic market environment, driving a shift from product-driven marketing chains, dominated by traditional wholesale markets, towards demand-driven marketing chains (Louw et al 2008). Over time, these supermarkets have shifted their procurement models and now largely operate centralised procurement and distribution systems with retail buyers procuring from preferred suppliers. Louw et al (2008) note in their studies that with a largely centralised procurement system for fresh produce in the country, small scale producers find it challenging to supply mainstream supermarkets – particularly with regard to volumes, quality, food safety and consistency of supply. This food system makes it difficult for market-orientated smallholder farmers to access markets beyond their immediate communities.

In a study the SAFL recently completed called *Building Local Economies: How smallholder farmers make markets work for them* (Moore et al. forthcoming), a number of general market constraints for smallholder farmers were identified in the literature. These included:

- A general lack of land, infrastructure, extension support, inputs, market information, and transport
- Limited access to finance and business acumen
- High expectations from supermarkets in terms of standards, volumes, and consistency, whilst offering small margins
- High transaction costs due to lesser quantities produced.

Although the study empirically confirmed these constraints, it also found that the market representatives who bought from smallholder farmers considered smallholder produce to be of very good quality. They also often preferred the flexible arrangements they had with smallholder farmers. In general smallholder farmers in South Africa thus experience a myriad of market constraints, but also some opportunities. Entering the organic sector would require addressing these issues, as well as some other organic-related challenges. Ideally organic agriculture would reduce or completely eliminate some of the general market constraints.

On the PLAAS website and blog, Chikazunga (2012) presents a useful overview of the arguments for and against organic agriculture in general, as well as arguments for and against supporting smallholder farmers to enter the organic sector in South Africa. Chikazunga (2012) reports that some organisations promote organic agriculture as a solution to the increased input costs of conventional agriculture and inaccessible markets, despite the high cost of organic certification, and costly and risky organic production with low outputs, except if farmers have access to large pieces of land and increased labour resources. He seems

unconvinced that organic enterprises can address the market access challenges of smallholder farmers, even if they have the potential to "...free smallholder farmers from the enormous power of capital-driven, industrial agribusiness". In summary Chikazunga argues that in order to support smallholder farmers into organics, it will be necessary to reduce the cost of organic production and certification, increase access to land and labour resources for smallholder farmers, and resolve the market access challenges that all smallholder farmers experience.

There are thus strong arguments for and against supporting smallholder farmers to enter the organic sector. To explore how these issues could be addressed, and to identify additional entry points for smallholder farmers to the organic sector, the GIZ study was designed to consist of six integrated steps: a literature review, a set of dialogue interviews, a half-day seminar, a learning journey, a roundtable discussion, and a final set of recommendations (that are outlined in the final section of this report). These steps were mostly consecutive, but also overlapped in some cases, and thus formed an integrated study. The next section gives a brief overview of each of these steps.

## The research process

This section outlines the first five research steps. These steps were consecutive and sometimes overlapping, with outcomes of preceding steps influencing the materialisation of consequent steps. Insights from these steps informed the key findings and set of recommendations that conclude this process report. Findings are thus not reported under each step. Instead some details of each research step are described, including who facilitated the step, who participated in it, when it took place, and where it was located. Final reports on each research step can be downloaded from the SAFL website: <http://www.southernAfricaFoodLab.org/supporting-smallholder-farmers-into-organic-farming.html>. The SAFL welcomes any further inputs to these reports.

### The literature review

The first step was a literature review. SI Projects,<sup>4</sup> consultants to the Sustainability Institute (SI), conducted the research. The SAFL tasked these consultants with a review of both academic and grey literature to explore the following questions:

- What is the current size, status, and growth curve of organic agriculture in South Africa?
- What have been the major limitations and drivers of this over the past decade?
- What are the key products currently produced organically in South Africa, including exports?
- What products do organic smallholder farmers in South Africa grow?
- What are the smallholder organic success stories?
- What can we learn from the literature on the future of smallholder organic farming in South Africa?

Using a range of literature review methods, the consultants approached various institutions and were able to identify and review the following literature: a draft organic policy, some studies produced by the National Agricultural Marketing Council (NAMC), client records from some certification bodies, the Research Institute of Organic Agriculture/ International Federation of Organic Agriculture Movements' (FiBL/IFOAMs') long-term datasets of production based on collation of one national certification agency's (Afrisco) data (although containing serious methodological flaws), limited data from retailers (that was not considered trade-sensitive), a number of weak, outdated, and speculative reports on the sector, the outdated FRIDGE report, student research on organic smallholder projects including consequent journal articles, and non-governmental organisation (NGO) reports based on industry opinion and press releases.

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<sup>4</sup> Read more about SI Projects on the Sustainability Institute website: <http://www.sustainabilityinstitute.net/siprojects>. Candice Kelly and Luke Metelerkamp were responsible for the literature review.

Three reviewers reviewed the final report. Not enough documented evidence existed to answer all of the posed questions thoroughly, but key insights from the literature review are shared in the findings section of this report. The identified literature gaps also informed the discussion schedule used during the dialogue interviews in order to generate new documented information on the organic sector in South Africa, as it existed at the time of the interviews.

### The dialogue interviews

After the literature review, the SAFL team<sup>5</sup> set out to do interviews with key stakeholders in the organic sector. A total of 14 interviewees participated. The list of potential candidates took form during the literature review as the SI consultants contacted various individuals to gain access to relevant documentation. Snowball sampling was also employed once the interviews started. The SAFL team intended to engage stakeholders across the sector including representatives from government, the private sector, and civil society. The table 2 contains an overview of the interviewees and which parts of the sector they represent.

The SAFL team presented a draft interview report at the half-day seminar on 22 June 2015 for feedback. The final report, available on the SAFL website, includes suggested changes. The report should be read as an in-depth case study rather than a generalised sector overview. Further research is required to confirm or disprove some of the claims in the interview report. Nonetheless, some key findings from the interviews are included in the findings section of this report.

### The half-day seminar

SI consultants and the SAFL team presented both the literature review and the dialogue interview report at a half-day seminar in Stellenbosch, South Africa on 22 June 2015. The purpose of this seminar was to share critical findings about the sector with key stakeholders, outline areas for urgent future research, and raise questions about future work that might unlock a sector that had been struggling to find traction in South Africa's agrarian system. Prof. Auerbach, an Associate Professor in Plant Production at the School of Natural Resource Management of the Nelson Mandela Metropolitan University, opened the half-day seminar. He outlined a scientific argument for organic production as a sustainable alternative to the current industrialised food system. A representative from Naturland also attended the half-day seminar, and concluded the day's presentations with an overview of the European organic market and the development of Naturland in that context.

A short panel discussion followed the four presentations. Through the seminar the SAFL team recorded feedback on the literature and interview findings to review the final reports and incorporate lessons learned into subsequent steps. Key unanswered questions and themes emerging from the half-day seminar were carried over into the learning journey and roundtable discussion.

### The learning journey

A learning journey is a way of exposing a group of people, who are united in their interest in a particular issue but have diverse positions and perspectives on that issue, to the current realities, experiences, and stories of people most directly affected by that issue. This exposure is an entry point into a deeper understanding of these realities and into a deeper engagement with one another about how to address these realities. Learning journeys complement more formal forms of research and have the added benefit of galvanising action, especially collaborative action for change.

The SAFL team designed the learning journey to lead the participants into dialogue with organic farmers and support agencies in order to reach a deeper understanding of the issues facing smallholder organic farmers,

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<sup>5</sup> The SAFL team consisted of the project manager, Kenneth Carden; project lead, Anri Manderson; and an organics specialist, Jeremy Lister-James.

and to begin to surface shared views on how this particular system might be strengthened and put on a sustainable growth curve. Through the learning journey shared views on interventions that could further support the development of smallholder organic farmers began to emerge. These views and ideas were developed further during the roundtable discussion.

**Table 2: Overview of interviewees and their representation in the South African organic sector**

<b>Interviewee code</b>	<b>Organisation/company</b>
P1	Founding member of SAOSO and author of a number of organic training textbooks.
P2	Operations manager of the Bryanston Organic and Natural Market (BONM) and committee of the BONM participatory guarantee system (PGS).
P3	Technical divisional manager, business unit head, and technical produce manager of Pick 'n Pay.
P4	Managing director of Afrisco and a member of the South African Bureau of Standards (SABS) organic standards working group.
P5	Owner of Go Organic.
P6	Smallholder farmer, founder of a Western Cape PGS, and working for Green Road, PGS-South Africa (PGS-SA), and the Intercontinental Network of Farmer Organisations (INOFO).
P7	Founding facilitator/manager of the BONM PGS, and the leadership academy and programme manager of IFOAM.
P8	Organic farmer, former member of SAOSO, and secretary of PGS-SA.
P9	Organic farmer in Namibia, chair of the Namibian Organic Association, and chair of IFOAM Southern Africa.
P10	Certification officer at Ecocert.
P11	Former organic farmer, organisational strategist involved in the development of the currently inactive organic strategy for the South African organic sector.
P12	Director of Biowatch.
P13	Manager of Farming for the Future at Woolworths.
P14	Director for agricultural economic services within the Western Cape Department of Agriculture.

A group of twenty people gathered at the King Shaka International Airport in Durban, KwaZulu-Natal (KZN) early on 23 June 2015 to start the journey. On the morning of the first day the group visited Everdon Estate in the KZN Midlands. This farm was chosen, because its management had decided to convert back to conventional agriculture after being unable to control the *Phytophthora* plant pathogen through organic methods. In addition, while organic production costs were considered equal to conventional costs, they resulted in lower yields, coupled with reduced demand from Europe for organic produce. More information on Everdon Estate and Westfalia Fruit can be found at: <http://www.westfaliafruit.com/en-za/About-Us/Pages/Westfalia-Farms.aspx>.

For lunch the group visited Dovehouse Organic Farm, Restaurant, and Conference venue, where they met two independent local organic farmers. They were not part of a formal organic network, yet expressed the need for it. The group split in two and discussed some critical success factors for smallholder organic farmers, which are included in the recommendations section of this report. More information on Dovehouse Organics can be found at: <http://dovehouse.co.za/>.

In the evening the group were introduced to Siyavuna, an organisation that implements a programme called Agri-SCIP (Agricultural Sustainable Community Investment Programme). Through Agri-SCIP Siyavuna tackles the inter-related challenges of poverty, food insecurity and low levels of economic participation. Participants in the programme grow fresh organic produce to improve household food security. Excess

produce is also sold for cash on a weekly basis. The Siyavuna Agri-SCIP programme has enrolled 680 farmers across the two local municipalities of Hibiscus Coast and Umdoni, with a co-operative established in each of these two municipalities.

On the second day of the learning journey, the participants visited four Siyavuna sites:

- The Swedish Church collection point, where the participants observed a number of farmers delivering and weighing produce, and being paid for their produce.
- A farm owned by the Siyavuna Farmer of the Year for the last two years, Mr Khuse. He was previously a truck driver, but decided to work the land he owned and see his farm as a source of income.
- A larger collection point, Jabula Inn, where participants discussed aspects of the Farmers' Association monthly meetings, which were seen to be the main information sharing platform. They also discussed the functioning of the PGS with its built-in peer review process, and impromptu visits by inspectors. Inspections are seen to be advisory, although any compliance infringements are dealt with.
- The Siyavuna offices, to wrap up the proceedings of the learning journey. The participants were asked to comment on what provoked them. They were also asked to start surfacing their views on how this particular system might be strengthened and put on a sustainable growth curve. These comments form part of the findings and recommendations sections of this report.

More information on Siyavuna can be found at: <http://siyavuna.org.za/>.

The formal proceedings of the learning journey had to be concluded so that the participants could transfer from the South Coast of KZN to King Shaka International airport for flights to Johannesburg and Cape Town. The return trip to the airport was fairly animated as the participants moved around the bus having discussions with fellow participants.

The core team from SAFL were then charged with taking the views that surfaced, integrating these with the findings of the other processes of the project and from this formulating some themes that could be brought to the roundtable discussion held on 23 and 24 July at Irene Dairy Farm in Centurion, Gauteng. The majority of learning journey participants attended the roundtable discussion.

## The roundtable discussion

A facilitator from REOS Partners<sup>6</sup> guided the one-and-a-half day discussion on 23 and 24 July at Irene Dairy Farm in Centurion, Gauteng. Thirty six delegates from various institutions attended the discussion: IFOAM, government, universities, consumer activist groups, an input supplier, commercial and smallholder organic farmers, a local organic market, a local and international certifier, farmer groups using the participatory guarantee system (PGS), a mobile communications company, and an audit firm.

The roundtable discussion was contextualised within the SAFL's larger Food Scenarios (2015–2030)<sup>7</sup> and the GIZ organic research study. Three organisations, including Naturland, the SI, and Vodacom made presentations about services they could offer towards future innovations that would support smallholder farmers to enter the South African organic sector.

In the weeks leading up to the roundtable discussion, the SAFL team prepared a set of nine themes based on issues emerging from the literature review, interviews, half-day seminar, and learning journey. The delegates then added to, removed, and refined these themes to end up with six themes described in the table below.

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<sup>6</sup> More information on REOS Partners and the South African team is available on their website: [http://reospartners.com/office/reos\\_southern-africa/#office-navigation](http://reospartners.com/office/reos_southern-africa/#office-navigation).

<sup>7</sup> More information on the SAFL's Food Scenarios is available on a dedicated website: <http://www.thefutureoffood.co.za/>.  
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These six themes provided the groundwork for six groups that worked to design future innovations to support the entry of smallholder farmers into the organic sector. In designing these innovations, each group was asked to justify its focus and emphasis, including providing details about the immediate next steps. Since the roundtable discussion some groups have continued to refine their innovations, linking them to opportunities to ensure their uptake. However, most have not been defined beyond what is described in the roundtable discussion report, available on the SAFL website.<sup>8</sup>

**Table 3: Themes for future innovations to support the entry of smallholder farmers into the organic sector**

Theme	Sub-themes
Consumer awareness and other grassroots initiatives	a. Policy and standards for certification environment b. Certification environment – an organics standard for retail PGS or third party group certification through ICS
Rollout of PGS groups and development of an overarching institutional structure	
Value-chain opportunities for smallholder farmers	Niche export opportunities
Training and extension support	
Representative institutional structures	
Technology as an enabler	

## The key findings

This section draws on the findings from each of the previously described research steps. These findings are presented to GIZ, Naturland, and other organisations working with smallholder farmers in South Africa, specifically to be applied in future organic-related development projects with smallholder farmers. The section is divided into sub-sections to organise the key findings. The sub-sections include: clarification of terms; institutional structures and certification; production and processing; organic demand and markets; smallholder challenges; and opportunities through which smallholder farmers can enter the organic sector. The first four sections relate to the South African organic sector as a whole, whilst the last two consider the sector from a smallholder perspective.

### Clarification of terms

**Organic sector:** This term combines all aspects of the realisation of organic produce and products in South Africa, including its production, processing, markets, certification, and the institutional bodies supposed to support and monitor these activities.

**Organic agriculture:** This term refers to a form of agriculture that works in harmony with nature by using techniques to achieve good crop yields without harming the natural environment (soil, water, biodiversity etc.) or the people who live and work in it. Organic techniques focus on improving the soil through crop rotation, green manure, compost, and biological pest control. Organic farming does not use synthetic chemicals or genetically modified organisms, growth regulators, or livestock feed additives.

To be recognised as farming organically, farmers require third party organic certification for longer value chains, and alternative assurance systems such as PGS for short value chains in local food systems.

<sup>8</sup> <http://www.southernAfricaFoodLab.org/supporting-smallholder-farmers-into-organic-farming.html>

**Agro-ecology:** This term refers to a form of agriculture that takes a systems approach based on a variety of technologies, practices and innovations, including local, traditional knowledge and modern science. Organic methods, as well as synthetic fertilisers and pesticides may be used in this form of agriculture as part of a larger system.

**Conservation agriculture:** This term refers to a form of agriculture, characterised by three principles: continuous minimum mechanical soil disturbance, permanent organic soil cover, and diversification of crop species grown in sequences and/or associations. Fertilisers and pesticides may be used in this form of agriculture as part of a larger system.

**Certified organic:** Produce or products that are certified as organic, has rigorously adhered to a set of organic standards and been checked by an objective third party to obtain certification.

**PGS:** Participatory guarantee systems (PGS) are locally focused quality assurance systems. They assess producers based on active participation of stakeholders, including consumers, and are built on a foundation of trust, social networks and knowledge exchange.

**Smallholder farmer:** See the typologies of smallholder farmers discussed above.

## Institutional structures and certification

The organic sector in South Africa has had a range of representative institutional structures that have formed and folded over the years. The sector was one of the founding members of the International Federation of Organic Agriculture Movements (IFOAM) in 1972. Twenty years ago the Organic Agriculture Sector of South Africa (OASSA) held annual meetings. OASSA had provincial structures and put pressure on the then Department of Agriculture to develop a set of standards, which was consequently published in 1999. These became the basis of certification by two local certifiers that were established in later years. From the beginning, however, European certifiers did most of the third party certification for the export market. OASSA slowly fell away due to internal struggles.

In 2008 a group of organic enthusiasts, who used to be members of OASSA, approached the Department of Trade and Industry (DTI) in South Africa to do a countrywide study to determine the size of the organic sector and whether or not it required representation within government. Consequently, the DTI commissioned the Institute of Natural Resources to conduct a Fund for Research into Industrial Development, Growth and Equity (FRIDGE) study named the *Study to develop a value chain strategy for sustainable development and growth of organic agriculture* (INR 2008). The study was published in 2008, and to date has been the only study to present a near complete picture of the sector.

### **SAOSO and OSSIC**

The findings of the FRIDGE study led to the formation of the South African Organic Sector Organisation (SAOSO)<sup>9</sup> to represent the South African organic sector. At roughly the same time the government formed a public-private partnership, called the Organic Sector Strategy Implementation Committee (OSSIC), which was to meet with SAOSO on a monthly basis to discuss matters concerning the sector. When it was formed OSSIC consisted of members from various departments and private sector initiatives, as government did not employ any organic experts at the time. Due to other government priorities, OSSIC and SAOSO have only met on average once every second month. Except for one remaining working group, SAOSO is now generally considered to be inactive.

### **A new regional structure**

An executive board member of IFOAM attended the roundtable discussion that concluded the previous section. During the discussion, she stated that southern Africa and South Africa need membership and fee-

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<sup>9</sup> See its website here: <http://www.saoso.org/>.

based institutions that belong to their members. She also introduced the group to the IFOAM Southern Africa Network (SAN) regional structure, which will coordinate national structures across the region. She explained that IFOAM SAN will become the voice of the region at meetings with the United Nations Environment Programme (UNEP), United Nations Conference on Trade and Development (UNCTAD), and the World Trade Organization (WTO), as well as be able to access funding from the African Union Commission that is mandated to fund organic sectors in the region. She stated that IFOAM SAN is to be an action-orientated touch point for organic issues in the region. The IFOAM website reports that the founding IFOAM SAN meeting was held in Zambia in 2012: <http://www.ifoam.bio/en/regional-bodies/isan-ifoam-southern-african-network>.

### ***The draft policies***

Despite its relative recent inactivity, during SAOSO's first few years, the South African organic sector gained some momentum. In partnership, OSSIC and SAOSO set out to develop an organic policy, refine a set of organic standards developed in 1999 by the then Department of Agriculture, and launch an organic strategy.

Although work on the first policy draft was started by the Department of Agriculture in the Western Cape, it was eventually situated within the Plant Production Unit of the National Department of Agriculture, Forestry, and Fisheries (DAFF). The policy is currently in its tenth draft, but according to interviewees is unlikely ever to be implemented. Two interviewees also reported that a draft agro-ecology policy exists in its seventh draft, in many ways duplicating what is said in the draft organic policy. Although unconfirmed, government's primary focus on driving industrial agriculture may be a major contributor to the stagnation of both these policy processes.

### ***The draft standards***

The set of draft standards developed in 1999 also met a dead end, as it conflicted with the Agricultural Products Standards Act of 1990 under which it was placed. Organic standards are generally voluntary, while the Act enforces mandatory standards. Instead of restarting the process of pushing the standards through government structures, SAOSO submitted a refined version of the 1999-version to the South African Bureau of Standards (SABS). Their aim was to get a set of agreed upon voluntary national organic standards published. An SABS Working Group has updated and approved these standards in February 2015, and it is expected that SABS will launch the standards before the end of 2015. However, it would appear that this process has been delayed. Further investigation is required to determine the cause of the hold-up.

### ***The unimplemented organic strategy***

SAOSO's momentum can be attributed to a core group of enthusiasts who have remained determined to grow the organic sector. Since the 1990s many organic enthusiasts have come and gone. A more recent initiative, the revival and refinement of an existing organic strategy,<sup>10</sup> emerged after OSSIC gained new membership. According to one interviewee the strategy, which was developed in line with the organic and agro-ecological policy drafts, aims to build the organic sector from ground level, first taking care of smallholder farmers, their immediate and extended communities, and through this the environment and ethics. Only if these aspects are thoroughly managed should the system be financially viable. The strategy will see the development of training material and infrastructure, a nationwide roll-out of training workshops, purchased land to grow organic seed and set up on-sight mentoring programmes, and the development of a cell phone application to record smallholder locations, planting schedules, and yields in one central databank.

Although government approved the strategy informally during a meeting on 20 January 2014, it has not been formally approved or implemented. The strategy requires a budget of R19 million for implementation. Although government pledged R58 million to the DTI to develop smallholder markets, the DTI could only pledge R1 million to the organic strategy. Apart from being insufficient, the R1 million also needs to be spent

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<sup>10</sup> The strategy can be downloaded here: <http://saoso.org/Organic-sector-strategy-implementation.php>.

before it can be reclaimed from the DTI, and no one in SAOSO is willing to risk spending R1 million of their own money. It thus seems unlikely that the strategy will be implemented with government funding.

### ***The future of certification in South Africa***

In order to access organic markets, products must either be certified organic, or the consumer must trust that the farmer and/or processor have adhered to organic standards. Certification is thus a useful regulating mechanism that helps farmers gain market access and reassure consumers.

Although South Africa used to have two local third party certifying bodies, one was never accredited. The other certifying body, called Afrisco, upgraded the original 1999 set of standards to international requirements to gain international accreditation. Unfortunately, it has informed its members that they need to transfer their certification to international agencies in the next few months, as it will close at the end of 2015. Afrisco has been unable to compete with international certification agencies, largely due to the fact that South African organic exporters are usually advised by their foreign importers to use one of the seven European certifiers active in the region. Any new and continued third party organic certification in South Africa will thus be done by international agencies, most likely to the European Union (EU) standards.

Consequently, third party certified farms are unlikely to request certification of their production processes according to the SABS standards, as they will prefer to conform to the standards of their respective international certifiers. Nevertheless, under the draft SABS standard, farmers who wish to be certified according to the SABS standards will be able to obtain a SABS-endorsed organic logo, provided that they are certified by a third party certifier.

The draft SABS standards also contain a new set of guidelines for participatory guarantee systems (PGSs), which to date have not been regulated or recorded by a central organising body. Although SAOSO will own the standards, Participatory Guarantee System South Africa (PGS-SA) is expected to handle all administrative matters such as keeping records of various PGSs in South Africa and overseeing assessments for those farmers wishing to use the SABS PGS organic logo. The PGS concept is promoted by IFOAM,<sup>11</sup> and therefore any farmer is free to use the system without being regulated by PGS-SA. However, if farmers wish to use the SABS-endorsed PGS logo, they need to be an assessed member of PGS-SA, which in turn will be overseen by SAOSO and inspected by SABS.

A major advantage of the PGS is that it promises to be more cost effective than third party certification, making certification more accessible for resource poor farmers. The different PGS organic and natural logos also allow for transitioning from conventional to organic agriculture, which may motivate farmers to move towards more sustainable farming methods. As records will be kept centrally, PGS structures will cut the time farmers need to spend keeping records. A central databank will also increase the availability of reliable data to contribute to an overview of organic agriculture in South Africa.

Namibia currently only has PGS certified farmers, yet their markets and consumers understand and trust that they are farming organically due to transparent and effective record keeping. If PGS-SA takes off, it may well contribute to consumer education and a greater awareness of organic food amongst consumers, as has happened in Namibia.

### ***The consequences of a lack of institutional momentum and coordination***

Major internal conflicts in OASSA and then SAOSO have prevented its representation from growing beyond a group of middle-class, mostly white individuals. Consequently, it has failed to represent the larger organic sector that transcends age, race, and class differences. Although disagreements can be pinned to specifics, such as the appropriateness of applying effective micro-organisms (EM) in organic systems, it is more likely that these specific disagreements are mere triggers for deeply rooted disparities linked to different organic systems (such as permaculture, biodynamic agriculture, larger scale commercial organic agriculture that

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<sup>11</sup> For more information from IFOAM on PGSs, visit this link: <http://www.ifoam.bio/en/pgs-practice>.

purchases external organic inputs, smaller scale organic agriculture that produces all inputs on site, and more hybrid farming systems wrongfully claiming to be organic).

In South Africa, with its disparate history and society, and a broader political economy characterised by tensions ranging from electricity cuts to women's rights to land reform, any initiative that claims to be inclusive actively needs to reach across cultures and work for a common cause. SAOSO did not actively recruit members during its early years, consequently failing to sustain attention from government, and except for the SABS standards, has relied too heavily on government direction and initiatives. If the SABS standards are launched before the end of 2015, this may well give the sector the necessary momentum it needs to grow and become more inclusive.

The consequences of a lack of institutional momentum and coordination within the South African organic sector have been:

- A small non-representative membership within the only remaining institutional structure, SAOSO
- A lack of formalisation, including information networks and record keeping, leading to a loss of indigenous knowledge and duplicated efforts
- A loss of confidence in the sector's ability
- A lack of political backing, including a lack of subsidies, training and extension services to farmers, processors, and markets
- Unregulated markets leading to confusion about what organic produce is and a distrust of it
- Independent alternative grassroots efforts driving organic initiatives
- Organic stakeholders continuing to support international certifiers and export markets
- Imports of fresh and processed organic goods to meet local demand.

## Production and processing

In order to get a sense of the dynamics of organic production and processing in South Africa, it is necessary to consider the motivations for organic farming, the number of farmers, and the difference between certified and informal organic produce.

### *Organic farmers*

Reasons for producing organically in South Africa include inheriting existing organic operations from previous generations, wanting to improve the environment and live more sustainably, and the promise of a premium and greater profit due to access to niche markets. Although the number of organic farmers in South Africa remains unclear, the lack of organic training materials and programmes in the country seem likely to prevent their numbers from increasing. Overall, it appears that the land under organic certification has increased across the continent, with South Africa lagging behind other African countries. Further research is required to find out why this is the case, as other African countries appear to share many of the same barriers faced by South African organic smallholder farmers.<sup>12</sup>

SAOSO and other interviewees seem to hold the general view that South African organic farmers consist of two groups. The first encompasses larger scale, third party certified organic farms, which produce for exports and specialised niche markets, some of which are local. The second group covers informal farming systems, often based on indigenous knowledge systems. Their outputs remain uncertified or in some instances are informally acknowledged as organic or agro-ecologically produced. Farmers belonging to the second group mostly sell their produce to their own communities at local markets or through informal systems. In very few cases farmers from the second group supply their local franchised supermarket outlets. One interviewee commented that certified organic farmers are decreasing in number, whilst more informal smallholder farmers incorporating organic methods are increasing.

### *Certified organic produce*

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<sup>12</sup> One reviewer of the literature review, Prof. Raymond Auerbach, is currently undertaking research looking at these issues.

In 2008, when the FRIDGE study was done, the major South African certified organic products in terms of hectares included teas (64%), fruit (17%), and vegetables (10%), and in terms of sales, vegetables (43%), fruit (41%), and grapes for wine (6%). It is likely that wine's share would have grown considerably since then. Although interviewees could not give a complete up-to-date overview of organic products in South Africa, they mentioned some key products, such as wine, herb teas, fruits (including citrus, apples and avocados), and nuts, in that order of importance, which are produced for export markets and are generally third party certified and capital intensive. The international organic cosmetic and medicinal markets for products such as aloes, baobab, buchu, devil's claw, moringa, marula, and marogo oils and leaf powder are growing, all of which are produced in South Africa. There is very little attempt at growing field crops, and as a result certified animal feeds are not available. Meat and dairy are thus difficult to produce to organic standards. A number of organic olive producers farm in South Africa.

### ***Informal organic produce***

The informal or uncertified organic sector remains largely unrecorded, although it is considered to make a significant contribution to organic production in South Africa. The literature review uncovered three case studies of working smallholder organic farmer projects, which seem to be managing with significant long-term NGO support. Although there are many organic vegetable farmers, they are not usually third party certified. They mostly supply their local markets. Most farmers who farm organic vegetables cannot enter wine, tea, or fruit production, or animal husbandry due to strict record keeping requirements and the higher and long-term capital input requirements.

### ***Organic processing***

An interesting theme that emerged from the dialogue interviews was organic processing. As a specific part of the value chain, processing centres and processes must also be organically certified to deliver a certified organic processed product. This is to ensure that all ingredients are organic, and in the case of imported products to monitor that only genuine organics are imported (chain of custody requirements). Some stores such as Dischem and Clicks import bulk organic processed products and then repack them in facilities without organic certification which means that, regardless of their organic content, these products can no longer be sold as certified organic. The fact that these stores are claiming to import processed organic goods, however, is an indication that there is a market for these goods.

Very few organic processing case studies exist in South Africa. One interviewee shared a few including the drying and flavouring of rooibos, production of wine, and processing of aloe products. Another case was that of a company making baby foods, called Olli Organic.<sup>13</sup> Most of the farmers certified by one international certifier in South Africa, who supply local markets, sell to processors rather than market outlets. Examples include mango and butternut for processing into baby foods; tea, spices, and herbs for drying; and sweet potato for flour. The shelf life of fresh produce is obviously prolonged once processed. Processing is both a key opportunity to tap into as a business in itself, and has the potential to offer increased demand for locally produced fresh organic products.

### **Organic markets and demand**

In a manner similar to production and certification, *the local* South African organic markets are generally split in two. Firstly there are informal local markets; then more organised, yet still very local markets, and independent food stores. These immediate markets generally serve local communities and rely on short supply chains. PGS certification is acceptable to these markets, as is evident in the case of the Bryanston Organic and Natural Market (BONM). Consumers are drawn to these markets because of no other options (in the case of rural informal markets), health reasons, wanting to live more sustainable lives, a mistrust of big business, and the organic food trend. In the more organised local markets, such as the BONM, consumers are generally not price sensitive.

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<sup>13</sup> Visit the website here: <http://www.olli.co.za/>.

The second type of *local* South African markets are dominated by the national retailers or supermarkets that operate longer supply chains with centralised distribution systems. Due to the supermarket model that leads to the consumer being distanced from the producer, these supermarkets typically require third party certification or in-house standards such as Woolworth's Farming for the Future to assure customers of the standards according to which the product is grown.

Some of the national retail groups, for example SPAR, service independently owned local retail outlets that are not forced to buy exclusively from the retailer's central distribution centres. Such independently owned stores may buy directly from farmers in their local community. PGS certification should be acceptable to this section of the market.

A major challenge for *local* South African markets has been that organic food is perceived to be expensive. Local consumers are not willing to pay the premium for organic produce that international markets are willing and able to pay, and so smallholder farmers producing organic fresh vegetables for the local market are not motivated to continue and larger farmers producing for niche markets prefer to export their produce. If this challenge was turned into an opportunity, farmers could try to produce cheaper organic products for the local market by producing at standards lower than what is expected internationally, drawing on PGS certification to further reduce costs, and stripping out costs through shorter supply chains.

South African organic produce exported to *international* markets is third party certified organic. Only one smallholder initiative has successfully managed to get certified for export – the Heiveld Small Farmer Co-operative, and this was through group certification for their internal control system (ICS). International markets believe organic food is safer and better for the environment, they can afford the higher prices, and they generally remain loyal to specific producers.

Both the literature review and dialogue interviews indicate that data on organic demand in South Africa is inconsistent, unreliable, and conflicting. As such it was difficult to establish concrete figures and trends. Part of the reason for this challenge is the unwillingness of international certifying bodies and supermarkets to share information related to the South African organic sector. Another reason is the lack of an established and well-functioning organic representative body, and a national organic policy. There are thus no national institutional structures to keep records of the organic sector in South Africa.

According to official reports containing non-sensitive market-related information from major retailers, farmers' markets, box schemes, and agricultural publications, the demand for organic produce is currently unmet, yet slowly growing. Although these reports state a steady growth in consumer demand for organics, interviews with retailers have confirmed that their sales are not always purely organic. Such products might be in conversion such as Woolworth's Farming for the Future. Others may be free range. Furthermore, organic produce sold in formal markets is not always sourced from local producers, but rather imported, especially in the case of processed products. According to some interviews, retailers are having a hard time sourcing local fresh organic produce and have lost their initial commitment to the idea of organics. Retailers' reports of growing local demand for organics may thus be distorted, as sales also include free range, in-conversion, and imported products.

## Sector summary

Figure 1 schematically represents the current structure of the South African organic sector with its production, certification, and market components. Although unconfirmed by official records, figure 1 assumes that commercial farmers are fewer in number than smallholder farmers, but most likely produce slightly greater quantities of varied organic produce. This produce is third party certified and either exported or sold to local retailers if the quality is not good enough for international markets. Locally produced organic vegetables most likely constitute the largest category of organic produce sold locally, whether for processing or direct consumption. Smallholder farmers, although greater in number, are producing slightly smaller quantities and less variety of organic produce (mostly vegetables), which is sold to their immediate local

markets and, ideally, to their local and franchised retail outlets. It is expected that much more of their produce will be PGS certified in the near future, making increased sales to local markets more likely.<sup>14</sup>

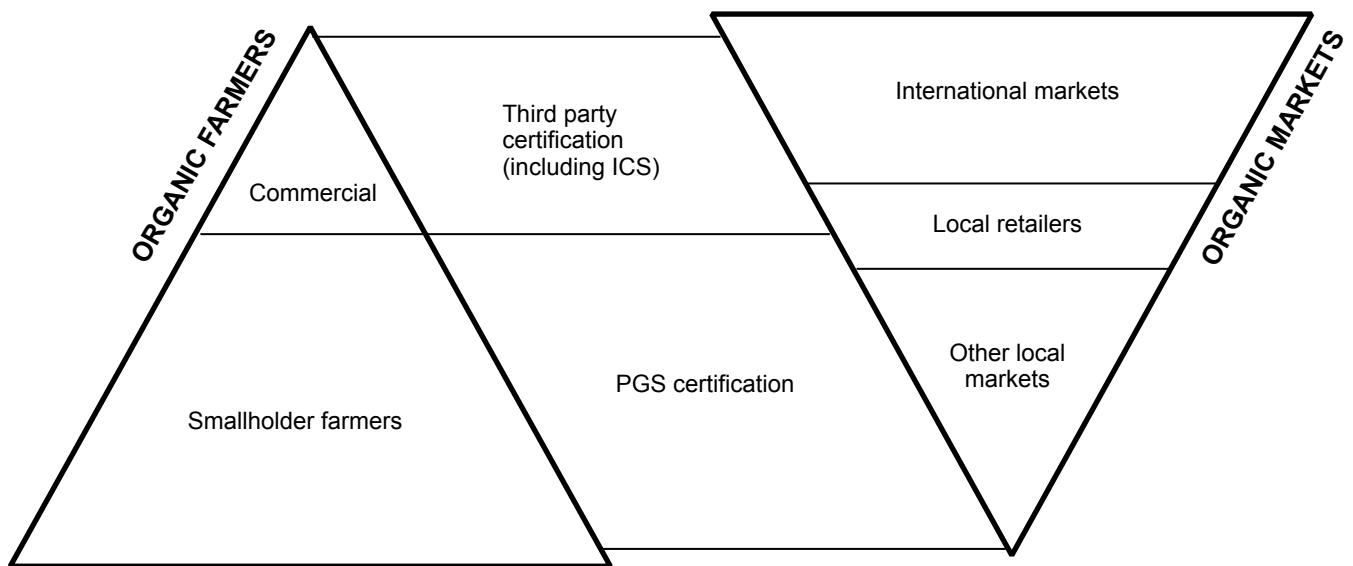


Figure 1: A schematic representation of South African organic production, certification, and markets

## Smallholder challenges

Smallholder farmers are not currently represented by SAOSO, which consequently does not actively engage the real issues facing these producers. These smallholder farmers also lack government support to enter the organic sector. A major issue has been the South African government's primary focus on large-scale industrial farming to support food security, resulting in extension services providing free genetically modified (GM) seed, pesticides, and fertiliser. Resource poor farmers welcome these free inputs, which consequently, promote industrial agriculture in the country. South Africa currently uses more than half of the agricultural chemicals applied on the African continent. According to some respondents, the government does not trust that organic agriculture will be able to maintain food security in South Africa. Consequently smallholder support for organic agriculture does not fall under agriculture, but under feeding schemes and other related social services. Being resource-poor, smallholder farmers also do not have the capacity to afford expensive organic inputs, risk low outputs from organic production, or access organic markets with unreachable standards.

Production challenges depend on the kind of farming system employed. Nevertheless affordable organic inputs such as compost, pesticides and seed remain a major challenge. For those making compost, the necessary equipment scalable to farm sizes is not available, and those purchasing it face insufficient quantities and/or high prices. The lack of organic animal feed and organic processing facilities also prevents organic animal husbandry from growing as a sector in the country. Organic farmers are not exempt from challenges faced by other farmers, and particularly not smallholder farmers. General challenges such as a lack of water and/or irrigation infrastructure and fencing remain realities for smallholder farmers. Consequently, production is inconsistent and limited in quantity and variety.

Another key challenge has been that the seemingly intractable challenges smallholder farmers experience leave those responsible for addressing them incapacitated. Mostly in the case of government, it is easier to address these issues at a theoretical policy or strategy levels in the hope that these ideas would somehow trickle down to solve the myriad issues on the ground. Examples of this mentality include the national policy,

<sup>14</sup> Further research is required to determine the quantities of organic produce exported in relation to the quantities of organic produce sold in local markets.

strategy and standard drafts, which have all been developed on a theoretical level. It remains to be seen if the new standards have been designed in a practical way that will be relatively implementable in the South African context.

## Opportunities for smallholder farmers to enter the organic sector

Although not all have been implemented, there are a number of agro-ecological training opportunities currently available to smallholder farmers in South Africa. One of these forms part of the unimplemented organic strategy developed by SAOSO, as discussed in the institutional structure section of this report. Another is offered by one of the organic farmers who participated in this study, and yet another by the SI. SAFL is currently engaged in a project funded by the World Wildlife Federation (WWF), the Agro-ecosystem Awareness innovation, in which agro-ecological training will be offered to smallholder farmers. Key production opportunities include producing organic inputs for organic production in South Africa, and formalising wild harvesting of indigenous medicinal plants.

One interviewee shared an overview of the Namibian organic sector. This relatively young sector has been successful because of a market for organics, consumers' understanding of PGS certification, transparency throughout the value chain, and healthy relationships between organic farmers and local supermarkets including Spar and Fruit & Veg City. This interviewee thought that the formal South African market was arrogant and had impossible standards that organic farmers simply could not adhere to if they were farming organically. The interviewee claimed that customers who bought organic produce did so for other than aesthetic reasons and that the South African retail sector did not seem to understand this.

Due to the unrepresentative nature of SAOSO and its consequent inability to retain government's commitment, it may well be necessary to organise smallholder farmers into collectives supplying out-grower schemes. Two interviewees spoke about supermarket out-grower schemes in other African countries as a possible solution for supporting smallholder farmers into the South African organic sector, specifically supplying to the retail sector. However, both interviewees also warned that these schemes would have to be approached with some caution. If out-grower schemes are promoted as a solution for supporting smallholder farmers to enter the organic sector in South Africa, it will have to be done in collaboration with empowered smallholder farmers.

Whether supporting new larger commercial or smallholder farmers to enter the organic sector, a key requirement is an understanding of the challenges of transitioning to organic agriculture, and both the flexibility to allow for this, and to acknowledge such efforts. This brings us to another key entry point for smallholder farmers – the newly developed organic, and specifically PGS standards currently desk-bound within SABS.

The PGS standards include a PGS natural and organic logo that would acknowledge those farmers who are making an effort towards organic agriculture, ideally earning them a premium price for their produce to make up for reduced yields. Furthermore, these standards have the potential to bring down the cost of organic certification for smallholder farmers and, as the standards are designed for local markets or short supply chains, to also bring down the cost for farmers of transporting their produce to consumers. One key requirement to build trust within as yet unregulated South African PGS structures would be to include scientific testing of soil and water, to both demonstrate progress towards healthy soils and adherence to minimum organic requirements. This might even contribute to the retail sector accepting PGS certified produce.

Although as yet unexplored, processing could also be a viable entry point into the organic sector for smallholder farmers and other small business entrepreneurs.

In short, the key entry points thus include available agro-ecological training, the production of organic inputs and harvesting of wild medicinal plants, possible out-grower schemes with the retail sector in which smallholder farmers consciously maintain a degree of autonomy, an organic sector that can tolerate and

acknowledge transitioning efforts as will be done by the new PGS standards, and possibly opportunities in organic processing.

## Recommendations

Interviewees and research participants seemed to agree that smallholder farmers outnumbered larger, more formalised organic farmers. Participants in the study also agreed that these farmers should initially be encouraged to produce PGS certified produce for local organic markets, particularly those serving local communities with short supply chains, moving on to supplying national retailers as they become more successful. Larger scale commercial farmers who are certified by third parties are fewer in number and should mostly continue to supply the export market and national retailers.

Given the apparently high number of failed organic smallholder projects, there needs to be careful enquiry into the reasons for the failure of these initiatives, to ensure that future projects do not repeat the same mistakes. It is unclear whether the high failure rate of smallholder farmer initiatives is related to the use of organic methods or rather is symptomatic of the general difficulties faced by smallholders. The latter is indeed probable. What is clear is that smallholder farmer support should be coordinated between government and farmer support agencies and NGOs, and that any future smallholder organic projects should be designed in collaboration with smallholder support structures in general.

Factors identified as key to the future of smallholder organics in South Africa can be related to the key categories of findings contained in this report, and are organised accordingly:

### *Institutional structures and certification*

- Developing a representative body that has:
  - broad smallholder representation
  - a focus on institutional arrangements that promote cooperative/group approaches
  - a mechanism to review and reflect critically on organic developments from an array of viewpoints, deliberately prioritising a smallholder perspective
- The implementation of a set of national organic standards to boost the local market
- Further work on the potential benefits of PGSs for smallholder groups in local food systems
- The rollout of PGSs across the country
- Defining how to incorporate internal control systems (ICSs) into PGSs as the size of farming operations grow.

### *Production and processing*

- Smallholder farmers need to have a real desire for the organic production method
- To increase the number of organic farmers and organic production, intensive, long-term training and support from government and NGOs including technical information, but also broader business and institutional skills are required
- Training should develop a real understanding of the benefits of organic methods and consequently a compost culture
- Need to develop seed, seedling nurseries and good quality inputs for soil improvement
- Producing organic animal feed and seedlings.

### *Markets and demand*

- Greater support to farmers in accessing markets, including the application of mobile solutions that provide smallholder farmers with up to date market demand and pricing information
- Promotion of alternative market channels with less stringent requirements available to PGS certification and where smallholders can access a greater share of profits

- The requirement for hubs of distribution, collection and cold storage facilities that organic production areas could feed into
- Need to develop consumer awareness on the benefits of healthy organic produce

#### ***Data and information***

A final recommendation to government and academia is to address the lack of data and information about the South African organic sector. This could be partly achieved through a conscious effort to increase published research about the organic sector. A number of key research areas include:

- Reliable data that could produce an overview of the organic sector in South Africa in terms of the number and profile of third party and PGS certified farmers, quantity and kinds of produce, existing organic markets, and further demand for organic produce. The South African government should mandate international certifying bodies and the PGS-SA to produce annual figures on these areas. DAFF and SAOSO should then keep a central database that must be publicly accessible
- Imported organic products, markets, and prices consumers are willing to pay.

Further research to support the entry of smallholder farmers into the organic sector should focus on:

- Smallholder challenges in general, and those specifically related to organic systems, to inform appropriate training and extension services for smallholder farmers to enter the organic sector
- Successful PGSs and their operating structures should be used as guidelines to facilitate the implementation of PGS structures in smallholder communities
- The possibilities and steps necessary to develop ICSs within PGS schemes
- Key opportunities related to the production of organic inputs, untapped niche markets such as the growing demand for organic medicinal products, and processing projects
- Ways of sustainably setting up wild harvest projects within ecosystems to simultaneously develop local communities and preserve these systems, as well as the best ways to certify these products

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