

Southern Africa Food Lab & Western Cape Government Food and Nutrition Security Strategy Design Lab I Final Input Note Pilot a local smallholder farmer focussed agri-hub

The Challenge

As stated in the input notes to the Incubation workshop, agricultural policy in South Africa has been of a dualistic nature for most of the 20th century, making a clear distinction between a white commercial farming industry and black smallholder farmers. This black smallholder farming sector has been restricted for decades by insecure and fragmented land rights, non-viable small farming units, overgrazing, land degradation, and lack of infrastructure, financial support, extension services, market information and access (Hall, 2009). Market access and participation are further hampered by high transaction costs, small units, and historically by legislation. The highly neo-liberalised market system in South Africa contributes towards an increasing risk and uncertainty for smallholder farmers as they try to integrate into local and national markets (Jacobs, 2009). 'Making agro-food markets work for the rural poor' has become something of a buzz phrase since the 2008 World Bank World Development Report and is claimed to be the pathway to lift the rural poor out of their misery (World Bank, 2007). Policy reviews, such as government's 15 Year Review (The Presidency, 2008) and the War on Poverty campaign (The Presidency, 2009), have accepted the idea that the value chain must work for the rural poor.

Despite the focus, literature on smallholder farmers in South Africa indicates that there is little formal market participation by smallholder farmers. This implies that for the development of smallholder farmers to be successful, alternative marketing models are required. While many food security interventions focus on production related constraints to food security, fewer focus on the integration of smallholder farmers in the supply chain.

The Response

The objective of Pillar 5: Inclusive food economy of the Western Cape Government Strategic Framework for Household Food and Nutrition Security is *Access to nutritious food through the formal and informal economy by 2040*. Programmes are listed as:

- Introduce model by-law for municipalities for informal food trading;
- Investment into informal food markets to improve the nutritional quality, hygiene and safety of informally traded food;
- Investigate the impact of emerging farmers on the food system and their potential contribution to food security;
- Investment in infrastructure in marginalised areas that improves access and utilisation of the food system;
- Support for skills development in the food system;
- Increasing enterprise opportunities in the food system.

The smallholder hub pilot discussed below is a response to the above.

The recommendation

A number of Agri-hubs are currently being established to link rural smallholder farmers with markets. Examples include the Siyavuna initiative in the Ugu District of KwaZulu Natal Province, and the SPAR Rural Hubs initiative with pilots in Limpopo and Mpumalanga. The

Agri-parks initiative of the Department of Rural Development and Land Reform has many touch points with this concept. There are also rich learnings that can be derived from work happening within the metropole in the Philippi Horticultural Area and through organisations such as the Ethical Co-op and Abalimi Bezekhaya.

Essentially, a smallholder farmer hub is a mechanism of linking the supply of local farmers with local markets (to create a short value chain). Apart from being a conduit to the market, the hub can provide services such as technical support, financial support, agricultural inputs consolidation and logistics to the farmers.

The recommendation of the team that worked on this concept in the Incubator workshop was to pilot a local smallholder farmer focussed agri-hub in a local municipality of the Western Cape Province.

Through this pilot, recommendations will be made on model by-laws that will facilitate the set up and roll out of such hubs across municipalities.

CSF's for the hub

- Full support of affected smallholder farmers is obtained prior to pilot
- Model includes smallholder ownership of hub
- Markets supplied include informal and formal
- Short value chain
- Hub seeks to achieve nutritional benefits for affected communities through the provision of affordable food
- Hub to promote knowledge sharing, provide technical support, agricultural inputs, logistics
- Hub model strives to reduce farmer input costs
- Hub to become a community focal point and provide links with other food security initiatives¹ for example, become a source of supply to school feeding schemes², and hospitals³
- Hub achieves synergies with Agri-parks Initiative
- Hub creates jobs
- Farmer production methods aligned with SmartAgri⁴ / agro-ecological methods
- Pilot informs the development of municipal by-laws required for the rollout of such hubs
- Pilot will need to define the degree of economic viability versus food security focus

How it should unfold

Phase I

1. Formulate initial project team, select hosting institution, secure seed funding and administrator (eg Casidra)

Phase II

2. Finalise criteria for selection of pilot site (including identification of farmer groups; farmer land and water issues; consumer demand, etc)

¹ Ethics of care to be a guiding principle

² Look at linkages with the school food hubs

³ Note the Treasury Supply Chain Management procurement policy which calls for local procurement – Nicola Jenkins

⁴ Involve Stephanie Midgley

3. Learning from current hubs and local markets in the metropole (including PHA, Ethical co-op etc)
4. Selection of local municipality, farmer groups, site for hub, commercial partners

Phase III

5. Definition of scope and M&E framework for pilot
6. Securing stakeholder commitments
7. Set up of multi-stakeholder advisory group
8. Develop project proposal with costing for implementation of pilot

Implementation Phase

9. Pilot setup
10. Learning and adaptation
11. Drafting of by-law

Stakeholders

- Western Cape Department of Agriculture
- Department of Rural Development and Land Reform
- Local Municipalities
- Identified smallholder farmer groups
- Identified commercial farmer groups
- Private sector companies: eg. SPAR
- Industry Associations – eg AgriSA, AFASA, Commodity groups
- Legal representation
- Policy expert
- Agricultural economist
- Multi-stakeholder advisory group

Time-frames

1. Phase I – 13 April
2. Phase II – 6 months
3. Phase III - 3 months
4. Implementation phase - 2 years

Outcomes

- Formal evaluation of pilot
- Proposed model by-laws required for hub rollout

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