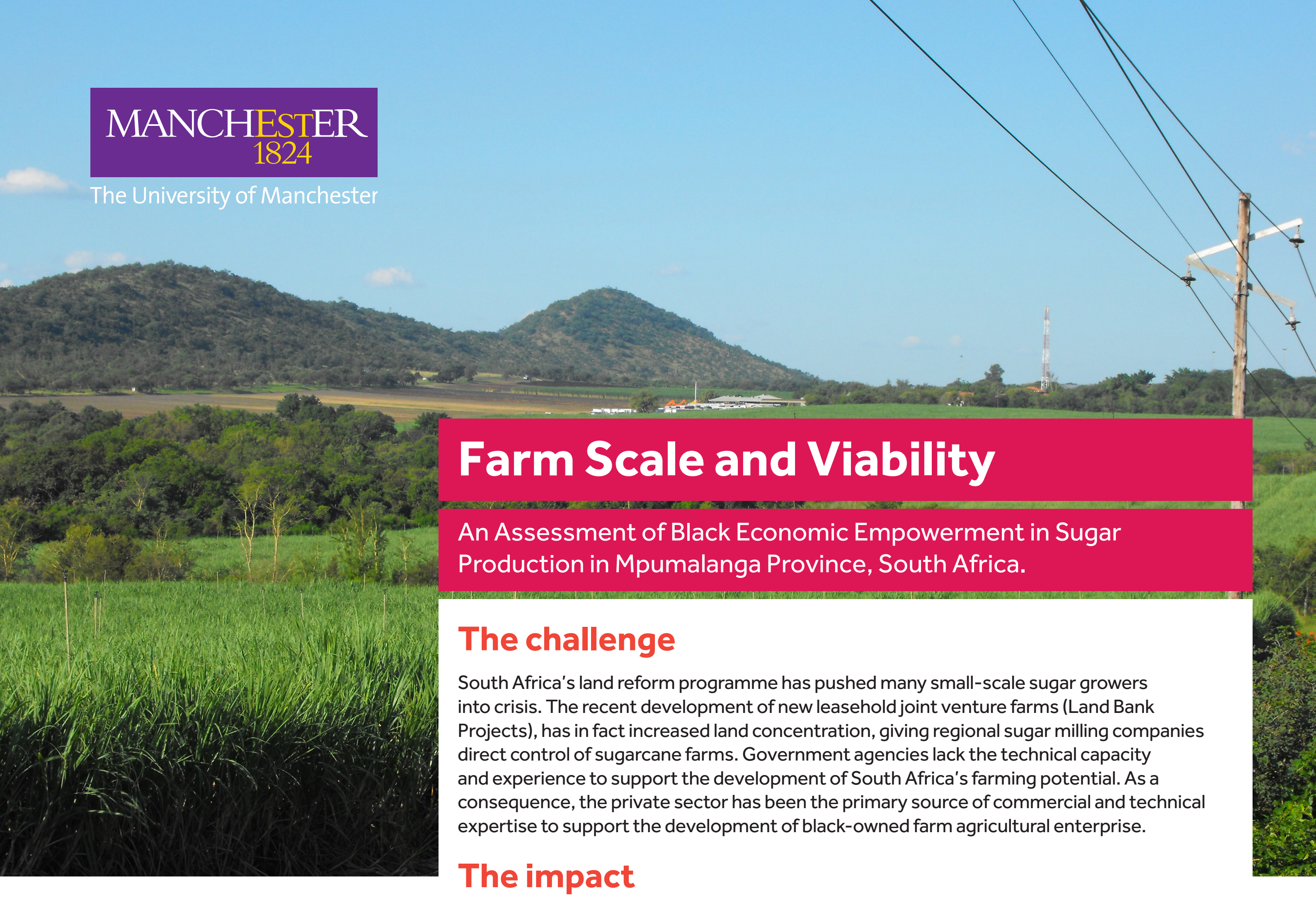

MANCHESTER
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Farm Scale and Viability

An Assessment of Black Economic Empowerment in Sugar Production in Mpumalanga Province, South Africa.

The challenge

South Africa's land reform programme has pushed many small-scale sugar growers into crisis. The recent development of new leasehold joint venture farms (Land Bank Projects), has in fact increased land concentration, giving regional sugar milling companies direct control of sugarcane farms. Government agencies lack the technical capacity and experience to support the development of South Africa's farming potential. As a consequence, the private sector has been the primary source of commercial and technical expertise to support the development of black-owned farm agricultural enterprise.

The impact

Our engagement work with small-scale growers (SSGs) is significant in bringing together farmers who would not have ordinarily organised to address collective concerns.
Our research contributes to the production of a robust evidence base, which assesses different worker co-operative models, promoted by commercial interests and farmers. We examine how much control over farming decisions farmers should expect to have. Our research has enabled us to engage with the milling company towards the development of better solutions for farmers, which they can extend to other farms in South Africa and other countries where they operate. We bring to the fore the importance of recognising the following issues:

- A relative lack of success rests on the absence of technical, managerial and marketing support to new landowners.
- Many recent Land Bank SSG Projects were created with extremely high debt levels, which cast doubt on long-term viability.
- Recent failures rest on poor project design, including the use of land unsuitable for irrigation and ill-suited irrigation infrastructure.
- Current proposals for cooperatives are driven by debt-recovery and recapitalisation through the government's Jobs Fund.

Working with SSGs and industry, we evaluate the effectiveness of Government-backed strategic partnerships and joint ventures, between commerce and land-owning black communities and individuals, highlighting major issues with the likely success of prospective SSGs. The project has catalysed the development of a Southern African Sugar Research Network bringing together our research partners at the University of the Western Cape, and funded a workshop in Johannesburg in November 2014 attended by researchers from seven southern African countries. The next stage of our work will be to engage with policy makers with respect to the lessons learned through our research.

"Despite the transfer of 25% of commercial sugarcane land to black community ownership, the Nkomazi sugar industry now directly manages more land and water than it did before land reform."

Professor Phil Woodhouse
Professor of Environment & Development
The University of Manchester

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Research Impact

www.bwpi.manchester.ac.uk

Our research

We reviewed the development of the sugar industry in Nkomazi District and analysed two main systems of cultivation on black-owned land. This included small-scale cultivation by African producers on communal land and large-scale joint venture sugarcane production on land now owned by black community trusts. In 2008, the government's land restitution programme had brought about compulsory transfer from white commercial farmers.

Growers were randomly selected for survey research to represent a spread of different projects and harvest levels, and a nine month ethnographic study was undertaken. The average costs of production were calculated, with these key issues identified:

- Sugar production is cost intensive, so harvests must be at least 80 tons per hectare if farmers are to hope to make a reasonable living from sugarcane. Currently a little over a quarter of SSGs achieve this.
- In practice, growers consider that a monthly income of R13,000 is necessary to attract young people to grow sugarcane, which requires not only high yields, but a minimum area of about 13ha (compared to 6.7 ha average held by SSGs).
- The problem of low incomes means that younger farmers are no longer entering the profession. Three quarters of SSGs are more than 50 years old.
- Irrigation is the key constraint to productivity, but the mid 1990s irrigation infrastructure was only built to last 15-20 years, and the issue of who pays for repairs has been beset by disorganisation. As a consequence a high percentage of land is not being irrigated and cane yield is dependent on the vagaries of rainfall.

To counter these challenges, just over 30% of the farmers in our study purchased additional land from their neighbours, more than doubling their stake to an average holding of 16 hectares. Our study corroborates the fact that those with more land make more money (average profits 130% higher), yet continues to assess how concentration must be balanced with the development of cooperative models that might help SSGs meet the twin challenges of land concentration and commercialisation.

> "We are not united as growers and as people... This meeting is called by people from far away overseas... and we all showed up and were able to open up and discuss this."
>
> Small-scale sugar grower
> *Nkomazi workshop to discuss project findings, August 2014*

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Further information:
http://bit.ly/farmscale