Status of smallholder producers in South Africa 2011/12

Volume 1: Report

Directorate: Small Holder Development
DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES
Disclaimer: The number of smallholder producers identified is reported herein as captured by the DAFF officials in the respective provinces. The figures therefore do not mean that these smallholder producers are the only smallholder producers in that particular province. Staff limitation has further resulted in certain districts receiving more attention than others, hence the number of smallholder producers reported in the district are higher compared to some districts in some provinces.
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1. INTRODUCTION

The restructuring of the macroorganisational structure of DAFF during 2010, which resulted in the integration of the agriculture, forestry and fisheries sectors, led to the establishment of the Directorate: Small Holder Development. Several mandates had been agreed to towards the realisation of smallholder producers’ support. Key to smallholder support was the Minister’s signed delivery agreement, which is based on the 12 Outcomes. DAFF is, however, responsible for Outcomes 4, 7 and 10, which briefly deal with support to farmers, increased productivity and job creation while preserving the natural resource base. Output 1 of Outcome 7 makes specific reference to the need to increase the number of new smallholder producers from 200 000 to 250 000 by 2014/15. Of essence was the fact that DAFF is not responsible for settling farmers, hence it was agreed with the Organisational Development Unit that DAFF can only identify 15 000 new smallholder producers as well as their needs. The 2011/12 target of 15 000 was achieved and exceeded by 6 192.

1.1 Background

The function of the Directorate: Small Holder Development is to ensure coordination and alignment of programmes that will ensure support and development of smallholder producers across the agriculture, forestry and fisheries sectors. A further smallholder delivery mandate is detailed through the New Growth Path (2010) and the National Development Plan (Vision 2030), which detail the need to increase the number of smallholder households supported to 300 000 by 2020 and to expand agricultural productivity by 2030, respectively.

1.2 Objectives of the report

• To provide a summary of the 2011/12 smallholder producers identified as new in all the provinces versus the set targets and later provide details of each province.
• To provide the types of enterprises which the smallholder producers are involved in.
• To share the needs of the smallholder producers as captured during 2011/12.

1.3 Approach towards the achievement of the targets

The Directorate: Small Holder Development developed criteria that assisted in the identification of new smallholder producers in all the nine provinces. The criteria used to categorise newly established smallholder producers is that these producers:

• are newly settled on land either through the Land Reform Programme or private acquisition;
• reside in communal areas and have not been using their land for the past four (4) years and are reintroduced into production;
• have received land, but have not received any form of support from government to make the land productive;
• are newly settled on existing state land;
• because of sufficient support, subsistence farmers have graduated to smallholder producer level.

The identification of new smallholder producers was coupled with the recognition of needs for these new smallholder producers. This information will be used to package support requirements for the 2011/12 identified smallholder producers.

1.4 Producer category

The smallholder producers have been classed into 3 categories:

Category 1—commonly does not own land but can access land in the form of permission to occupy, leases and short-term contract. For these smallholders, production is a part-time activity that forms a relatively small part of a multiple livelihood strategy.
Category 2—usually owns land, hires farming equipment and is dependent on the availability of equipment to initiate farming. These smallholders are more or less in the middle of the spectrum, meaning that they rely largely on their agricultural enterprises to support themselves and are not living in poverty, but they need further assistance both to expand production (or make it more efficient and/or profitable), and to find markets.

Category 3—has ownership of land, farming equipment, ability to initiate farming activities and access to markets. These are smallholders who operate along commercial norms but who have not reached the threshold at which they are obliged to register for VAT or personal income taxes.

2. NATIONAL OVERVIEW

2.1 Agriculture

According to the GHS 2011, less than a quarter of South African households (23%) were involved in agricultural production. Most crop production took place in backyard gardens, and households involved in agriculture mostly engaged in the production of food and grains (41.9%), fruit and vegetables (40.6%), poultry (45.8%) and livestock (43.9%). Households in Limpopo (52.7%), Eastern Cape (37%) and Mpumalanga (33.9%) were most likely to be involved in agricultural activities, while households in the Western Cape (7.3%) and Gauteng (5.9%) were least likely to participate. The vast majority (84.1%) of households that were involved in agriculture undertook it to grow additional food. Nationally, only 5.1% of households became involved in agriculture in order to generate further income.

2.2 Poverty per province

According to the Fact Sheet: Poverty in South Africa (HSRC 2004) approximately 57% of individuals in South Africa were living below the poverty income line in 2001, unchanged from 1996. Limpopo and the Eastern Cape had the highest proportion of the poor, with 77% and 72% of their populations living below the poverty income line, respectively. The Western Cape had the lowest proportion in poverty (32%), followed by Gauteng (42%).

The information below provides details of the national targets achieved during 2011/12.

2.3 Target per province

During 2011/12, there was a consultation process led by DAFF towards setting these provincial targets.
2.4 The actual identified producers 2011/12

In Fig. 3, the national status for the newly identified smallholder producers during the 2011/12 financial year is outlined. This map indicates that the majority of the producers were identified in Limpopo Province.
with the number of 7,124 producers. Northern Cape Province had the lowest number of newly identified producers as compared to other provinces; it had a total figure of 99 producers.

3. PROVINCIAL HIGHLIGHTS

3.1 Eastern Cape Province

Introduction

The Eastern Cape is located on the southernmost coast of Africa, and is the second largest of South Africa’s nine provinces, covering around 14% of the country’s land mass. Some 65% of the province’s 6.9 million (Mid-year population estimates, 2011) people live in rural areas; most of the remaining population live in towns and cities. Two-thirds of the population live in the ex-homeland, or ‘bantustan,’ areas of the Transkei and Ciskei. The districts of the Eastern Cape are: Alfred Nzo, Chris Hani, Amatole, OR Tambo, Ukhahlamba and Cacadu. The province also has one metropole (metropolitan area) called the Nelson Mandela Metropole.

Eastern Cape is one of the provinces with a high (72%) population living in poverty according to HSRC 2004. Seven of the ten poorest municipalities are located in this province.

In the year 2011/12, 686 new smallholder producers were identified in the province.

Fig. 5 indicates that the majority of the identified smallholder producers were in Amatole District Municipality with the total of 61% (which is 377 producers). Cabinet identified 22 priority districts in the country for development and 5 of these districts are in the Eastern Cape namely; Alfred Nzo, Joe Gqabi, Chris Hani, O.R. Tambo and Amatole.
These newly identified smallholder producers are involved in the following enterprises:

- Broiler production
- Vegetables (hydroponics, tomatoes, potatoes, cabbage, spinach)
- Piggery
- Mixed farming
- Livestock farming
- Maize farming.

The identified needs of these producers are:

- Formal markets
- Training on vegetable and livestock production
- Improvement of farm structures
- Production inputs such as feeds and vaccines
- Machinery and implements
- Fencing
- Land
- Eradication of invasive plants and weeds
- Tunnels
- Financial support
- Improved handling facilities
- Infrastructural support
- Water
- Access roads.

**Conclusion**

An overall target of 480 newly identified producers was exceeded by 206 (686 achieved). This suggests that although this province has a higher level of poverty, producers are willing and have the ability to produce. However, with vast challenges facing these producers, further measures and participation by government, NGOs and cooperatives are necessary to assist the producers in improving their livelihood, socio-economic factors and economic growth.
3.2 Free State Province

Introduction

The Free State is situated on flat boundless plains in the heart of South Africa. It is also known as the “bread basket” of South Africa. About 90% of the province is under cultivation for crop production. The population of this province is 2.8 million (Mid-year population estimates, 2011).

The Free State Province is divided into five district municipalities (Fig. 6): Xhariep, Thabo Mofutsanyane, Motheo, Fezile Dabi and Lejweleputswa. Thabo Mofutsanyane has been identified as one of the priority districts in addition to the 22 that were identified by Cabinet.

FIG. 6: Map of Free State Province

FIG. 7: Number of producers per district
Free State has one of the ten poorest municipalities in South Africa. The total number of newly identified producers in the province for 2011/12 was 1 692. The bulk of these producers fall under smallholder category 2. Fig. 7 indicates that Lejweleputswa District Municipality had the highest number of 463 newly identified smallholder producers.

These newly identified smallholder producers are involved in the following enterprises:

- Poultry
- Livestock
- Crops
- Piggery
- Horses.

The identified needs of these producers are:

- Infrastructure (hydroponic tunnel)
- Production inputs
- Equipment
- Financial support
- Piggery
- Borehole
- Water provision
- Tunnels for vegetable production
- Transportation
- Fencing
- Training
- Irrigation system
- Soil analysis.

**Conclusion**

The targeted number of 2 000 new smallholder producers was not reached, only 1 692 producers were identified because of the lack of staff, vastness of the province and lack of other related resources. With assistance from relevant stakeholders, these producers can be more self-sustaining.

### 3.3 Gauteng Province

**Introduction**

Gauteng Province is the economic centre of South Africa and responsible for over 34.8% of the country’s total gross domestic product (GDP). It is the smallest of the nine provinces. The population of the province is 11 million (Mid-year population estimates, 2011).

Gauteng Province is divided into three metropolitan municipalities (Fig. 8) namely Johannesburg Metro, Tshwane Metro and Ekurhuleni Metro. It also has two district municipalities: West Rand and Sedibeng.

The total number of newly identified smallholder producers in Gauteng Province was 193. Many of these producers were identified in the City of Tshwane Metropolitan Municipality with the total number of 93 producers, (Fig. 9). Most of these producers fall under smallholder category 2. One of the seven hubs in Gauteng Province has been identified for the development and the roll-out of the Strategic Plan for Smallholder Producers, which is coordinated by the National Smallholder Working Group (NSWG).

These newly identified smallholder producers are involved in the following enterprises:

- Poultry
- Livestock
- Crops
- Piggery
The identified needs of these producers are:
- Infrastructure (hydroponic tunnels)
- Production inputs
- Equipment
- Financial support
- Piggery
- Broilers
- Boreholes
- Layer structures
• Water provision
• Tunnels for vegetable production
• Land shortage
• Inadequate transportation
• Fencing
• Training
• Irrigation system
• Soil analysis.

**Conclusion**

Although most of the Gauteng producers privately own their land, utilisation of this land for farming purposes is a challenge because of the lack of resources. Lack of access to production inputs, infrastructure and secured markets has been the biggest impediment towards farmers’ development. The land sizes range from 1.7 ha to 580 ha with the majority of plots being under 10 ha.

Timeous provision of the required support will go a long way in addressing the issue of both household and provincial food security. Stakeholder coordination and collaboration during the planning and implementation of support programmes is vital in realising the growth of smallholder producers in the province.

**3.4 KwaZulu-Natal Province**

**Introduction**

KwaZulu-Natal Province is located in the southeast of the country; the province has a long shoreline on the Indian Ocean. It is known as the garden province of South Africa. The sugar-cane plantations along the Indian Ocean coastal belt form the mainstay of the economy and agriculture of the region.

The population of the province is 10.8 million (Mid-year population estimates, 2011).

As shown in Fig. 10, KwaZulu-Natal has eleven district municipalities: Mgungundlovu, Ugu, Sisonke, Zululand, Umzinyathi, Amajuba, Uthungulu, Uthukela, Umkhanyakude, eThekwini and Ilembe.

![FIG. 10: Map of KwaZulu-Natal Province](image-url)
KZN province has 61% (HSRC 2004) of its population living in poverty. The total number of newly identified smallholder producers in KwaZulu-Natal Province was 2,766. The bulk of these producers were in Umzinyathi District Municipality with a total number of 1,379 as indicated in Fig. 11.

Nine districts in KwaZulu-Natal have been identified as priority areas for government intervention. The selected district for the implementation of the Smallholder Producer Strategic Plan (SPSP) is Sisonke District. Most of these producers fall under smallholder category 2.

These newly identified smallholder producers are involved in the following enterprises:

- Piggery
- Yellow maize production
- Poultry
- Livestock
- Vegetable production
- Crops
- Sugar cane.

The identified needs of these producers are:

- Production inputs
- Infrastructure for piggery
- Markets
- Fencing
- Irrigation system
- Electricity
- Implements.

Conclusion

The KZN Province has reached their smallholder producer target for the financial year 2011/12, and 90% of these projects that were identified are cooperatives that did not receive funding from any source. With assistance from relevant stakeholders, these producers can be more self-sustained.
3.5 Limpopo Province

**Introduction**

Limpopo is South Africa’s northern province, with borders on Mozambique, Zimbabwe and Botswana. The population of the province is 5.2 million (Mid-year population estimates, 2011). Limpopo contributes 6.7% to the national GDP. Fig. 12 shows the five district municipalities of Limpopo Province: Sekhukhune, Capricorn, Vhembe, Mopani and Waterberg. Four of these District Municipalities, except for Waterberg, have been identified by Cabinet as priority districts for development.

Altogether 77% (HSRC 2004) of its population lives in poverty. The total number of newly identified smallholder producers was 7 124. Vhembe District Municipality had 4 950 newly identified producers, which was the highest in the province compared to other district municipalities as highlighted in Fig. 13. Most of these producers fall under smallholder category 2.
These newly identified smallholder producers are involved in the following enterprises:

- Citrus production
- Subtropical fruit production
- Pastures
- Poultry
- Game farming
- Livestock
- Sunflower
- Maize crops.

The needs of these producers are:

- Production inputs
- Boreholes
- Fencing
- Poultry houses
- Training
- Markets
- Startup capital
- Tractor and implements
- Irrigation system.

**Conclusion**

Limpopo Province has exceeded its target by 5,969 newly identified producers. Most of the projects are situated in communal areas and very few are under private ownership. Intervention should prioritise capacity building of these producers.

3.6 Mpumalanga Province

**Introduction**

Mpumalanga Province lies in eastern South Africa, north of KwaZulu-Natal and bordering Swaziland and Mozambique. The population of the province is 3,6 million (Mid-year population estimates, 2011). According to HSRC 2004, 57% of its population lives in poverty. The total number of newly identified producers in this province was 5,889 in 2011/12.
Mpumalanga has three district municipalities namely Gert Sibande, Ehlanzeni and Nkangala as indicated in Fig. 14. Ehlanzeni District Municipality has been identified by Cabinet as a priority district for development. According to Fig. 15, the majority of the identified producers were found in Gert Sibande District Municipality with the total number of 2 714 producers. Most of these producers fall under category 1.

**These newly identified smallholder producers are involved in the following enterprises:**
- Livestock
- Crops
- Forestry
- Poultry
- Subtropical fruit production
- Milling
- Sugar cane
- Dairy farming.

The identified needs were:
- Production inputs
- Boreholes
- Fences
- Irrigation system
- Market
- Training
- Financial assistance
- Machinery
- Implements and tractors.

**Conclusion**

Mpumalanga Province has exceeded its target by 3 889 newly identified producers. These producers are dedicated and show huge potential to be successful. Further assistance is crucially needed.

3.7 Northern Cape Province

Northern Cape is the largest province in South Africa, taking up almost a third of the country’s total land area. The population of this province is 1,1 million (Mid-year population estimates, 2011), however, 61% of its population lives in poverty.
Northern Cape has five district municipalities as shown in Fig. 16 namely: Namaqua, Frances Baard, John Taolo Gaetsewe, Siyanda and Pixley ka Seme.

Agriculture is still one of the mainstay sectors of the Northern Cape’s economy and is therefore critical in overall economic planning.

The total number of newly identified producers in this province was 99 and the producers were identified in John Taolo Gaetsewe District Municipality.

**These newly identified smallholder producers are involved in the following enterprises:**
- Cattle
- Sheep production
- Goat production.

**The identified needs were:**
- Fencing (controlled grazing and pasture management)
- Drilling of new boreholes
- Rehabilitation of old boreholes
- Financial assistance
- Transportation of produce
- Involvement of commodity groups (e.g. Mutton SA) Equitable access to markets.

**Conclusion**

This province did not reach the target, the reason being the shortage of staff and administrative support. Further coordination and stakeholder engagement is needed to ensure that these producers become successful. A follow through is needed to ensure supported farmers graduate into commercial farmers.
3.8 North West Province

Introduction

North West is known as the Platinum Province. The population of this province is 3.2 million (Mid-year population estimates, 2011). Agriculture is important to the North West Province, and it contributes about 2.6% total GDP-R. However, according to HSRC 2004, 52% of the population live in poverty.

North West has four district municipalities as shown in Fig. 17: Dr Ruth Segomotsi Mompati, Dr Kenneth Kaunda, Ngaka Modiri Molema and Bojanala. Two of these district municipalities namely Dr Ruth Segomotsi Mompati and Ngaka Modiri Molema are priority districts for development in the province.

The total number of newly identified smallholder producers is 2,009. The majority of these producers fall under category 1. Dr Ruth Sekgomotsi Mompati District Municipality had the highest number of producers (1,079 in total) as indicated in Fig. 18.

![Map of North West Province](image1.png)

**FIG. 17: Map of North West Province**

![Producers per district](image2.png)

**FIG. 18: Producers per district**
These newly identified smallholder producers are involved in the following enterprises:

- Livestock
- Crop production (irrigation and dry land crops)
- Vegetables
- Piggery
- Dairy and beef production
- Fodder production.

The needs of these producers are:

- Infrastructure
- Expansion of farm structures such as poultry houses and piggery units
- Electricity
- Fencing
- Implements
- Production inputs
- Vaccination, fire belts
- Pasteurising machines
- Boreholes
- Financial support
- Training on livestock husbandry and financial management
- Water systems
- Need to form cooperatives
- Transportation to auctions.

Conclusion

This province exceeded its target by 709 newly identified producers. The majority of these producers were in Dr Ruth Segomotsi Mompati and are mainly livestock producers farming on communal lands, with a few on LRAD and PLAS farms, while other district municipalities consist mainly of producers who are practising mixed farming, and farming on either LRAD or PLAS farms.

These producers need more intervention/support from smallholder producers’ stakeholders so that they can farm productively, derive income and be able to run sustainable businesses.

3.9 Western Cape Province

The Western Cape is rich in agriculture and fisheries. Agriculture brings in 40% of all export revenue in the province. The population of this province is 5.2 million (Mid-year population estimates, 2011). Fig. 19 shows the six District Municipalities of the Western Cape Province namely: West Coast, City of Cape Town, Cape Winelands, Overberg, Eden and Central Karoo.

The Western Cape Province has the lowest poverty rates in the country. The total number of newly identified producers in the year 2011/12 was 734. According to Fig. 20, Overberg District Municipality had the highest number of newly identified producers with the total number of 415 producers. The majority of the identified producers in the province fall under smallholder category 3.

These newly identified smallholder producers are involved in the following enterprises:

- Crop production (essential oils)
- Livestock
- Dairy
- Deciduous fruit
- Vineyards.
The needs of these producers are:

- Packhouse facilities
- Funds for project expansion
- Drainage systems
- Markets
- Training
- Water
- Fencing
- Infrastructure
- Land care.
Conclusion

The Western Cape Province has exceeded its target by 234 newly identified producers. These producers have the ability to access high-value markets as the majority of them are in category 3.

4. KEY CONCLUSIONS AND RECOMMENDATIONS

4.1 Key conclusions

- Although poverty remains high in former homelands (Limpopo, Eastern Cape, North West), agriculture still plays a role in the lives of poor people.
- The majority of the newly identified smallholder producers fall under category 2, meaning that they own land, hire farming equipment and that they are dependent upon the availability of equipment to initiate farming.
- Despite the availability of farming land, these smallholder producers are still facing with constraints.
- These producers produce for the local markets.

4.2 Recommendations

- Further funding for smallholder producers is necessary.
- More coordination between stakeholder involved in the development and support of the newly identified producers is needed.
- Further effort has to be made with regard to marketing.
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