

## ENTRY PATHS INTO THE SOUTH AFRICAN SUGAR INDUSTRY: IMPLICATIONS FOR CAPACITY- DEVELOPMENT OF EMERGING FARMERS AND THE NEED FOR EXTENSION SERVICES

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### ABSTRACT

The structure and demographics of the South African (SA) sugar industry are likely to change due to the introduction of numerous policy initiatives by the African National Congress (ANC) government since 1994. The land reform policy aims to advance some previously disadvantaged groups and thereby promote economic growth, stability and equity. The emergence of a new generation of black farmers in the SA sugar industry will, in the long-term, reshape entry paths into the industry. This paper seeks to report on some socio-economic characteristics of the emerging black sugarcane growers surveyed, identify entry paths for them into the SA sugar industry in KwaZulu-Natal (KZN), and establish how their capacity-development could be enhanced through

mentorship and extension. The majority of the 43 new freehold growers (NFGs) surveyed had no educational background in agriculture or business-related fields (80 and 91%, respectively). Nearly 70% (30) had prior experience in general management, with the majority (46.6%) of them coming from the North Coast region. Almost 9% of the sample had prior experience in managing a sugarcane farm. The NFGs emphasised that mentorship and extension are important sources of skills for sugarcane agronomy, while formal training and accountancy are significant for financial management. Personal experience was viewed as the most important source of skills for labour management and transport to the sugar mill. These results suggest that: (a) policy-makers should design mentorship and other support

services so that they address the needs of participants from diverse backgrounds; and (b) mentorship should not be used to replace extension, but should rather complement it.

**KEY WORDS:** MENTORSHIP, LAND REFORM, EXPERIENCE, COMMERCIAL AGRICULTURE

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## INTRODUCTION AND OBJECTIVES

Land reform in South Africa (SA) is a broad policy initiative aimed at redressing some of the injustices created by apartheid. The land reform programme is facilitated by the Department of Land Affairs (DLA) and has three sub-divisions: redistribution, restitution and land tenure. The mandate of the land reform process is to transfer 30% (about 24.9 million hectares) of white-owned farm land to previously disadvantaged individuals (PDIs<sup>4</sup>) by 2014 (Armstrong, 2004; Thomson and Bates, 2005; Thomson and Gillitt, 2007; Lahiff, 2008). However, the land redistribution programme has, in some cases, led to the emergence of a large pool of new and inexperienced black farmers from diverse backgrounds. Because of segregation created by the former apartheid regime, PDIs were excluded from actively participating in the land markets. For that reason, the PDIs predominantly practised subsistence agriculture in the rural areas, mainly on tribal land. Consequently, some of the PDIs who acquired farms through the government's land-redistribution programme do not possess some of the key skills required to successfully engage in commercial farming. This has compelled the State to provide innovative ways of integrating new-entrant farmers into commercial agriculture and addressing their skills gaps.

Furthermore, there has been an increase in the demand for extension, and pre- and post-settlement support services. Some researchers

and authors have reiterated that lack of pre- and post-settlement support to the land reform beneficiaries undermines the efforts of the land reform programme (Hall *et al.*, 2003; Armstrong, 2004; Thomson and Bates, 2005; Thomson and Gillitt, 2007). Kirsten *et al.* (1993) agree and add that support services to beneficiaries are often inadequate, unsequenced and unco-ordinated. As an intervention strategy, the government identified formal mentorship as a capacity-development tool to address skill gaps among the emerging farmers and promote equity, farmer learning, orientation, entry and engagement in commercial agriculture. According to KwaZulu-Natal Department of Agriculture and Environmental Affairs (KZNDAEA, 2009), a mentorship relationship is either between an experienced farmer (mentor) and an inexperienced farmer (mentee) or between a strategic commodity partner and a mentee. A commodity partner in the SA sugar industry could be the South African Canegrowers Association (SACGA). Mentorship further promotes sustainability of the land reform programme by equipping emerging farmers with the vital skills and knowledge required to engage and succeed in commercial farming. It also enhances post-settlement support services and complements extension. Nonetheless, the 'dual nature'<sup>5</sup> of SA agriculture necessitates inclusion of mentorship as part of the post-settlement support services to

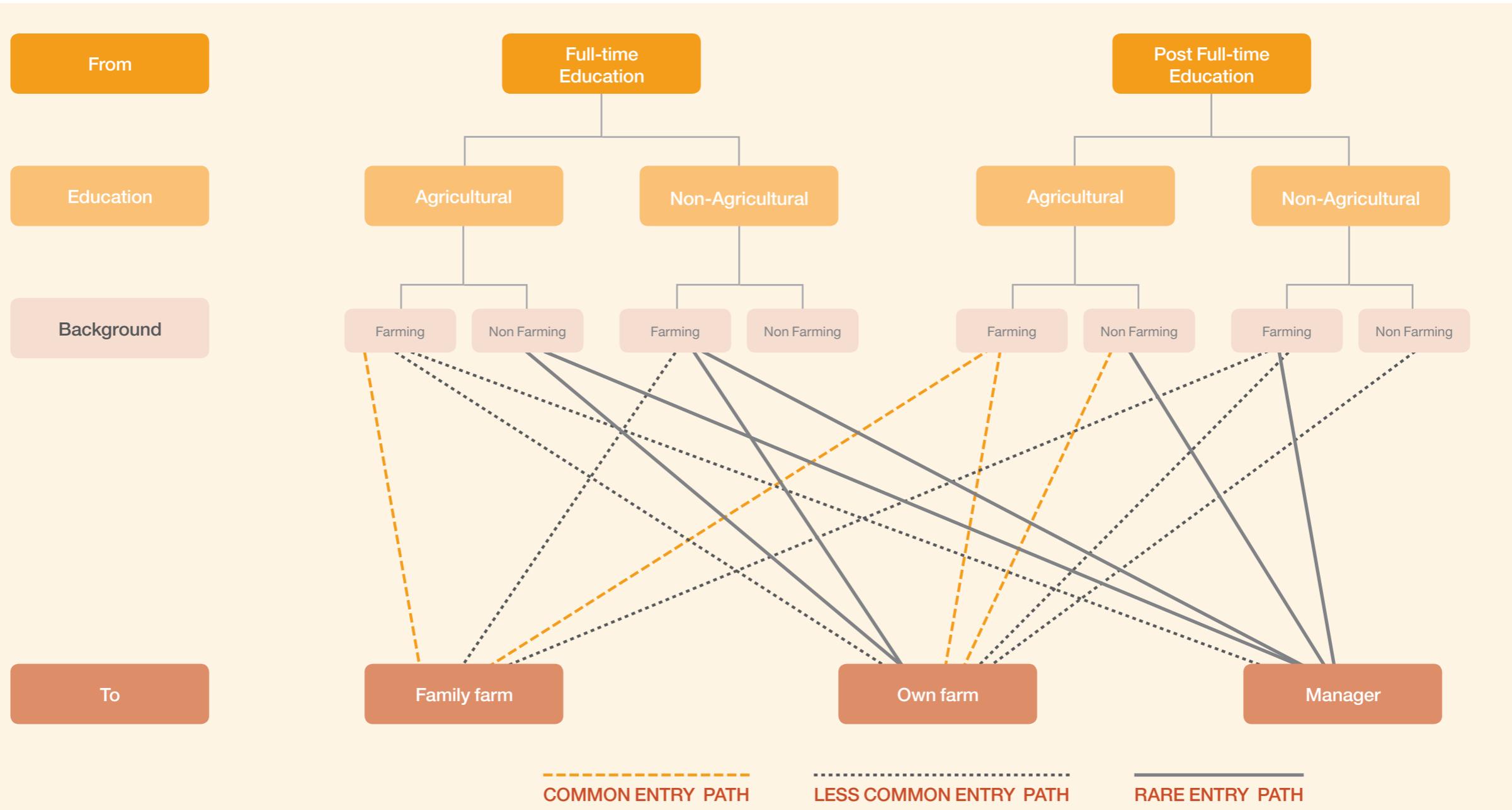
emerging farmers. As a result, mentorship is invariably an important part of integrating PDIs into commercial agriculture.

This study therefore seeks to: (i) report on some socio-economic characteristics of emerging black sugarcane growers; (ii) identify the entry paths to commercial farming; and (iii) establish how capacity-development could be enhanced through mentorship and extension. As a result of developments in the SA agriculture associated with land reform and AgriBEE<sup>6</sup>, there is a likelihood that: (1) entry/transition paths into the SA agriculture sector may change significantly in the long-term; and (2) the number of PDIs involved in commercial agriculture may also increase. Figure 1 shows some entry paths into farming. The majority of the

4 PDIs are defined here as people in South Africa who were previously excluded from land markets due to racial segregation.

5 'Dual nature' here means that the South African agriculture has a well-developed commercial sector mainly operated by white farmers and a predominantly subsistence sector in the rural areas largely operated by black farmers.

6 AgriBEE refers to black economic empowerment (BEE) in agriculture. The broad-based BEE Act was enacted in 2004 to promote PDIs' access to productive resources and enhance economic growth and equitable income distribution.



Source: Reeve and Stayner (2006, p. 6).

**FIGURE 1: ENTRY PATHS INTO FARMING**



new freehold growers (NFGs)<sup>7</sup> may fall within one of the 'rare entry paths'. The rare entry path is characterised by farmers who: (1) have their own farm or who manage a farm, have agricultural education background, but no farming experience; or (2) own or manage a farm, have no agricultural education background, but have farming experience; or (3) manage a farm, have post-full-time agricultural education background but no farming experience or have farming experience but no post-full-time agricultural education.

However, there is limited published research work on how entry paths into the SA agriculture sector have changed since 1994. Often, the new-entrant farmers come from professional and educational backgrounds other than agriculture. The only study on occupational paths into commercial agriculture in SA known to the researcher was conducted by Anseeuw and Laurent (2007) in Namaqualand in the Northern Cape. The study involved 266 mine workers, of whom 44% were engaged in small-scale commercial agriculture. Fuller (1990, cited by Anseeuw and Laurent, 2007) observed that 'pluriactivity' (combining several occupational activities over a period of time) in agriculture may be an effective way for households with small farms in developed countries to generate income. De Janvry and Sadoulet (2000, cited by Anseeuw and Laurent, 2007) concurred and added that the same is true about pluriactivity in developing countries.

Consequently, formal mentoring could be used to bridge skill gaps among the new-entrant farmers who come from diverse backgrounds.

Thomson and Gillitt (2007) note that the new sugarcane farmers generally do not have any agricultural or business background. As a result, inexperienced farmers without the necessary agronomic, financial and labour management skills may negatively affect the sugar industry, if farms are mismanaged within a few seasons following acquisition. Additionally, Reeve and Stayner (2006) caution that farming is becoming increasingly professionalised. Thus, the highly evolving technical nature of commercial agriculture, and the increasing importance of establishing and maintaining relationships with service providers, requires new skills on the part of the farmers. Hence, the main challenge facing policy-makers is to ensure efficient extension services, integrate mentorship and extension, and design and implement other post-settlement support programmes that may facilitate smooth transition of the emerging farmers into commercial agriculture in SA.

The SACGA rolled out the first formal mentorship programme in the SA sugar industry from October 2003 to May 2005 in KZN. The State-funded programme involved about 80 emerging black sugarcane growers, commonly known as NFGs. The programme included both mentoring and training. The new farmers were divided into groups

(according to geographical areas) and completed 21 modules towards an outcomes-based learnership certificate in agriculture. The training course lasted between 15 and 18 months. The programme utilised a group of mentors (predominantly white commercial farmers) with expertise in different areas. The SACGA ran the second NFG mentorship programme from June 2008 to June 2009. The year-long programme included NFGs and other growers who were not covered by the 2003–2005 programme, such as small-scale farmers and community projects. This study focuses on the 2008/09 programme. Hall et al. (2003) note that research conducted in SA has revealed that little attention has been paid to post-transfer support and issues relating to the sustainability of beneficiaries. Thomson and Bates (2005) caution that the changing demographics in the SA sugar industry will present challenges to the capacity and means through which support services are provided in the future. Hence, the industry's unique and generally well-coordinated services need to create an environment that is conducive for the success of the new-entrant commercial farmers (through proper post-land transfer support, training and mentoring).

<sup>7</sup> 'New freehold growers' are emerging black growers who have acquired about 100 ha of freehold commercial sugarcane farmland.



## MATERIALS, METHODS AND DATA SOURCES

A survey questionnaire designed to identify farm- and farmer-specific socio-economic and industry factors that influence NFGs' participation in

mentorship was administered in the three KZN sugar-growing regions from April to June 2010. The questionnaire was first tested for clarity with four respondents in one of the regions. A random

sample of 70 NFGs was drawn from a population of 291 emerging black growers. However, a major challenge that faced the researcher during data collection was the unwillingness of the majority of the NFGs to be interviewed. This was partly due to the fact that they felt that the NFG mentorship programme was not beneficial. As a result, fewer NFGs and mentors than originally planned were surveyed. Forty-three NFGs were interviewed, with 22 of the respondents from the North Coast, 15 from the Midlands and 6 from the South Coast. Additionally, a focus-group discussion was held in early April 2010 with some of the key stakeholders in the sugar industry, mainly from the SACGA and the South African Sugar Research Institute (SASRI). The purpose of the discussion was to get more information and understanding about the two mentorship programmes implemented in the sugar industry and make further adjustments in the survey instrument. The study data were analysed using SPSS.

## RESULTS AND DISCUSSION

The majority (81.4%) of the sample NFGs were male (Table 1). Half (4) of the female NFGs participated in mentorship up to the end. The majority (75%) of the female NFGs who discontinued their participation were from the North Coast region. Overall, about 35% (15) of the NFGs discontinued their participation in the mentorship programme, with the majority of these

**TABLE 1: MENTORSHIP PARTICIPATION STATUS AND THE DEMOGRAPHIC CHARACTERISTICS OF THE SURVEYED NFGS BY GENDER AND REGION, 2010**

Characteristic	KZN (n=43)	Midlands (n=15)	South Coast (n=6)	North Coast (n=22)
<b>Mentorship participation status and duration</b>				
Fully participated (no.)	9	5	0	4
Discontinued (no.)	15	1	3	11
Never participated (no.)	19	9	3	7
Mean participation duration (months)	6.29	4.93	1.83	8.52
<b>Mentorship participation status and gender distribution</b>				
<b>Male NFGs</b>				
Fully participated (no.)	5	1	0	4
Discontinued (no.)	11	0	3	8
Never participated (no.)	19	9	3	7
Total number male NFGs	35	10	6	19
<b>Female NFGs</b>				
Fully participated (no.)	4	4	0	0
Discontinued (no.)	4	1	0	3
Never participated (no.)	0	0	0	0
Total number female NFGs	8	5	0	3
Mean age (years)	51.51	49.13	59.50	50.95
Youngest (years)	26	26	45	32
Oldest (years)	72	70	72	70

Source: Survey data, 2010.



**TABLE 2: EDUCATIONAL BACKGROUND AND SOURCE OF PRIOR EXPERIENCE IN MANAGEMENT, FINANCE AND MARKETING BY REGION, 2010**

Characteristic	KZN (n=43)		Midlands (n=15)		South Coast (n=6)		North Coast (n=22)	
	F	M	F	M	F	M	F	M
<b>Educational background in agriculture and business management</b>								
<b>With agricultural educational background</b>	1 (7)	7 (28)	0 (5)	5 (5)	0 (5)	1 (5)	1 (2)	1 (18)
<b>With business-related educational background</b>	1 (7)	3 (32)	0 (5)	1 (9)	0 (5)	1 (5)	1 (2)	1 (18)
<b>Prior experience in management, finance and marketing</b>								
<b>NFGs with prior experience in management</b>	2 (6)	28 (7)	0 (5)	9 (1)	0 (1)	5 (1)	2 (1)	14 (5)
<b>NFGs with prior experience in finance</b>	5 (3)	22 (13)	3 (2)	7 (3)	0 (1)	5 (1)	2 (1)	10 (9)
<b>NFGs with prior experience in marketing</b>	3 (5)	18 (17)	1 (4)	7 (3)	0 (2)	4 (2)	2 (1)	7 (12)
<b>Source of experience in management</b>								
<b>Managing own farm</b>	0	4	0	1	0	1	0	2
<b>Employed elsewhere</b>	1	16	0	5	0	3	1	8
<b>Formal training</b>	1	8	0	3	0	1	1	4
<b>No experience</b>	6	7	5	1	0	1	1	5
<b>Source of experience in finance</b>								
<b>Managing own farm</b>	1	2	1	1	0	0	0	1
<b>Employed elsewhere</b>	1	10	0	2	0	3	1	5
<b>Formal training</b>	3	10	2	4	0	2	1	4
<b>No experience</b>	3	13	2	3	0	1	1	9
<b>Source of experience in marketing</b>								
<b>Managing own farm</b>	1	2	1	1	0	0	0	1
<b>Employed elsewhere</b>	1	8	0	1	0	2	1	5
<b>Formal training</b>	1	8	0	5	0	2	1	1
<b>No experience</b>	5	17	4	3	0	2	1	12

*F = female; M = male.*

*The numbers in parentheses are for NFGs with no agricultural and business educational background, prior management, finance and marketing experience.*

(73.3%) from the North Coast region. The average age of the sample was 51.5 years, with the youngest being a 26-year-old male from the Midlands and the oldest a 72-year-old male from the South Coast. The majority (32.6%) fell within the 51–60 age category. The mean ages per region were 49.13, 59.50 and 50.95 years for the Midlands, South Coast and North Coast, respectively. On average, the NFGs participated in mentorship for 6.29 months (with a minimum of 1.83 months and a maximum of 8.52 months; recorded in South and North Coast, respectively). The majority (5) of the NFGs who participated in the mentorship programme up to the end were from the Midlands region, followed by the North Coast region with 4. None of the NFGs from the South Coast region completed the programme. Nineteen of those surveyed had never participated in any mentorship programme (with a majority from the Midlands region).

Nearly 19% (or 8) of the survey sample had an educational background in agriculture (Table 2). The majority (62.5%) of these were men from the Midlands. The only woman with an educational background in agriculture was from the North Coast region. Nine per cent of the NFGs had a business-related educational background, with the majority (75%) of these being men. About 70% (30) had prior experience in general management, the majority (46.6%) was from the North Coast region. The majority (39.5%) of the sample NFGs acquired



their experience in management while being employed elsewhere. Almost 9 and 19% of the NFGs acquired their managerial expertise by managing farms and through formal training, respectively.

An estimated 63% of the NFGs had previous experience in finance, with 18.5% of these being female. About 25.6% and 30.2% acquired their experience in finance while they were employed elsewhere and through formal training, respectively. Almost 49% of the surveyed NFGs

had previous experience in marketing, with the majority (85.7%) of these male. Managing their own farms and formal training accounted for a higher proportion of NFGs' previous experience in marketing (about 7% and 20.9%, respectively). The NFGs were of the view that mentorship and extension are important sources of skills for sugarcane agronomy (Table 3). However, personal experience and other farmers are a significant source of skills for the emerging farmers in key sugarcane-growing areas. Mentorship and

extension collectively accounted for 41.9% and 44.2% of sources of skills in ratoon management and varieties, respectively. Conversely, the growers surveyed were of the view that formal training and accountancy were the significant sources of skills in financial management aspects. Personal experience was viewed as the most important source of skills for labour management and transport to the sugar mill. Even so, extension accounted for almost 27% as a source of skills for transport to the mill.

**TABLE 3: SURVEYED NFGS' VIEWS ABOUT THE SOURCES OF SKILLS FOR MENTORSHIP KEY RESULT AREAS, KZN (PERCENTAGES)**

Sources of skills in building NFGs' capacity in financial, agronomic and other key result areas (KSAs)	Financial KSAs				Agronomic KSAs				Other KSAs	
	Budgeting	Tax reporting	Book-keeping	Cash-flow management	Ratoon management	Varieties	Harvesting	Trashing/burning	Labour management	Transport to mill
<b>Mentorship</b>					9.3				9.3	
<b>Extension</b>					9.3	14.0	16.3	16.3		25.6
<b>Mentorship, formal training and own experience</b>	20.9			11.6					9.3	
<b>Mentorship and extension</b>	16.3		9.3		23.3	20.9	16.3	11.6		
<b>Others</b>	55.9	41.9	60.5	68.2	58.1	55.8	53.4	60.4	55.8	39.5
<b>Accountant</b>	6.9	16.3	20.9							
<b>Extension and formal training</b>		14.0								
<b>Formal training</b>		11.6	9.3	11.6						
<b>Formal training and own experience</b>				14.0						
<b>Own experience and other farmers</b>						9.3	14.0	11.6		
<b>Own experience</b>									25.6	20.9
<b>Mentorship, extension and own experience</b>										
<b>Mentorship, extension and other farmers</b>										14.0



## CONCLUSIONS, RECOMMENDATIONS AND IMPLICATIONS

The NFGs surveyed, were mostly male and relatively old, and the majority had no educational background in either agriculture or any business-related field. However, most of them had prior experience in general management. Relatively few had prior experience in managing sugarcane farms. However, most of them had gained financial management experience while working elsewhere or through formal training. Thus, policy-makers should design mentorship and other support services so that they address the needs of participants from diverse backgrounds. More importantly, the NFGs surveyed also placed emphasis on mentorship and extension as important sources of skills for agronomic or other technical aspects of sugarcane production. However, personal experience and other farmers also play a significant role as sources of skills for the emerging farmers in key sugarcane growing areas. Consequently, mentorship should not be used to replace extension, but should complement it. The growers surveyed also viewed formal training as a significant source of skills in financial management. The emerging growers also highlighted personal experience as the most important source of skills in labour management and transport to the sugar mill. Extension is also viewed as an important source of skills on transport issues. Policy-makers should carry out a

detailed needs analysis before implementing any mentorship interventions, and profile the participants in order to optimise the desired programme outcomes.

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