

Jobs Fund and Sernick Group partners to support emerging farmers

The agricultural sector is an important driver of growth, expanding by 37.5% in the fourth quarter of 2017 and contributing 0.8% to the recorded 3.1% GDP growth, presenting significant export opportunities. Beyond the generation of food and income, livestock is a valuable asset, which contributes to food security and sustainability in the country's non-urban areas where it performs a number of social, economic and cultural functions.



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It is with this in mind that the Jobs Fund and Sernick Group have partnered with the Sernick Emerging Farmers Programme. The R502.6m project, to be implemented in the Free State, is comprised of R165m Jobs Fund grant funding, R237.6m in matched funding contribution by Sernick and R100m that will be provided as a loan by other funding partners.

The initiative is a comprehensive intervention in which emerging black farmers will be recruited, trained, capacitated and provided with supply opportunities through integration in Sernick's value chain.

A total of 660 farmers will be recruited, given SETA accredited training and an opportunity to exchange their old stock with good quality cattle that fetch higher prices on the market. Three hundred farmers, selected from the 660, will be equipped with technical skills to enable them to develop their own herds while maintaining healthy cash flows to meet their working capital requirements. They will also be supported to eventually own and run their feedlots. Fifty farmers will be developed into viable commercial entities with their own reproductive capacity. These farmers will also be given the opportunity to acquire shares in Sernick Wholesale, a new company that will be established to consolidate the group's wholesaling operations.

According to a 2015 profile of South Africa's beef market value chain published by the Department of Agriculture, Forestry and Fisheries, the beef industry employs 500,000 people with 2,125,000 people dependent on the livestock industry for their livelihood.

With established players in the sector, it is difficult for black emerging farmers to enter the market due to barriers such as:

- Reduced productivity of emerging farmer land owing to degradation, desertification, overgrazing, loss of palatable plant species, etc.
- Lack and/or insufficient support in terms of skills, good quality stock, funding and infrastructure.

A game changer

The Sernick Emerging Farmers Programme is a scale up from the pilot project Sernick successfully implemented, and which resulted in 59 emerging farmers benefiting, by custom feeding in Sernick's feedlot. Many of these farmers now supply between 40 and 60 weaners to Sernick annually and the R25m loan that was used to kickstart the programme was paid in full within 12 months.

"The project is a game changer in the way farmers, who are probably operating at the margins, will be integrated into Sernick's value chain. Benefits to the farmers range from assistance with developing the capacity to breed quality cattle to improved farm infrastructure," says Najwah Allie-Edries, head of the Jobs Fund.

As the participating farmers will not be restricted to only trading with Sernick, the benefits derived will assist them in becoming commercially viable entities, generating revenue not just from Sernick but from other markets as well. Currently, even the sourcing of quality breeds is a challenge for them. Opportunities will also exist higher up the value chain as Sernick has been requested to support emerging farmers to resuscitate abandoned and underperforming state-owned feedlots and abattoirs in the area.

On completion of proof of concept this model could, in the future, be replicated to support more emerging farmers by crowding in commercial sources of funding and requiring less public investment.

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