

# SA agri industry players join forces to support new era of farmers

Kagiso Trust, AFGRI Agri Services and Potatoes South Africa (PSA) have signed an agreement to address challenges faced by South Africa's new era of farmers. The agreement will provide sustainable solutions for farmers access to technical support, access to finance and access to markets.



Image source: [Gallo/Getty](#)

Whilst initially focused on potato farming in South Africa, with the aim of establishing commercial new era potato farmers, the solution will not be limited to potatoes in the longer term, with the intention being to establish commercial new era farmers in other export crops, including avocados, grapes and apples.

"South Africa's land reform process is likely to not yield the desired success if support for new era farmers does not improve considerably. Without structured support and appropriate funding, new era farmers who venture into commercial farming are bound to fail, given that commercial farming is a capital-intensive business requiring specific knowledge and support.

"The battle to secure support has already forced many struggling new era farmers to rent out their land to established farmers," says Mankodi Moitse, the CEO of Kagiso Trust. "If this is left unchanged, South Africa is likely to see more new era farmers being forced out of the commercial agricultural space, which will render the land reform process futile."

According to Moitse, the timing of the solution was therefore opportune. "Given the potential role of agriculture in economic transformation and food security, Kagiso Trust also wants to extend its contribution beyond education and other development interventions to agriculture. As such, Kagiso Trust set up the Tyala Impact Fund, so this agreement ticked all the boxes."

## One of the key elements of the solution is training.

According to Jacob de Villiers, the CEO of AFGRI Agri Services, new era farmers often lack good, technical 'hands-on' training. "Through Lemang Agricultural Services, we deliver support to new era farmers aimed at improving productivity through advice, information and other critical support services. However, what has made our training and development programmes stand out in terms of the successes achieved is the support given to new era farmers by experienced mentors, who are literally in the fields training the farmers, and with them virtually every step of their development journey."

*“ We are all very excited at this unique opportunity to work together to improve a lot of new era farmers in our country and are looking forward to making a tangible and sustainable difference to the South African agricultural sector. ”*

Under the cooperation agreement, Lemang Agricultural Services will provide joint **technical assistance and training** with PSA on potatoes as well as rotational crops. Lemang's assistance will further include co-funding – through AFGRI Agri Services' financial services arm, UNIGRO – as well as training and mentorship in order to develop new era farmers to become full participants in the commercial agriculture value chain and to be part of the agricultural mainstream.

UNIGRO MD Ross Simmonds says that there is still relatively little appropriate financial support available to new era farmers. "Financiers struggle to provide funding to these farmers, given their lack of financial history and access to equity, amongst others.

"However, given the mentorship provided through Lemang Agricultural Services and PSA, the financial support of the Tyala Impact Fund, and UNIGRO's deep agricultural finance knowledge, we are able to assist. Solutions can only be found through partnerships between companies committed to the sustainability of the South African agricultural sector."

**Access to markets** is another significant requirement, and here is where both PSA and AFGRI Agri Services will be key. PSA CEO, Andre Jooste says that required off-take agreements, i.e. the assurance from a business that it will buy the new era farmer's produce, is vital.

"Both PSA and AFGRI Agri Services have access to networks that include suppliers and technical partners in the co-op space to facilitate the required off-take agreements."

Jooste explains that the PSA and commercial potato producers are no stranger to the development of new era farmers and already contribute to ensuring that these farmers gain commercial producer status through PSA's Enterprise Development programme. "The number of hectares supported by the programme increased from 37 hectares to 320 hectares over a period of eight years. During this time, two farmers, one in Limpopo and one in the Eastern Cape, graduated to commercial status, each planting more than 30 hectares of potatoes."

He adds that it was imperative to establish successful partnerships with key role players in the potato value chain and beyond to support PSA's Enterprise Development farmers. "These partnerships – which we will tap into again – include, amongst others, those with Nulandis/AECI, NTK/VKB and McCain, which have helped to address various challenges such as access to inputs, finance, technical skills and off-take agreements."

Finally, and perhaps most critically, is access to funding, especially affordable funding. UNIGRO will be the commercial debt financier but will require the equity gap to be plugged.

"This is where the Tyala Impact Fund from Kagiso Trust comes in, providing funding at development returns. In addition, the extremely low average funding rate between UNIGRO'S senior debt interest rate and Tyala's development interest rate

provides an affordable repayment debt profile for new era farmers – leaving them with a sustainable farming operation yet access to cash to fund their lifestyle," explains Teresa le Roux of Ukunika Investments, which developed and proposed the solution, and is working on other, similar initiatives in the agricultural space.

"We are all very excited at this unique opportunity to work together to improve a lot of new era farmers in our country and are looking forward to making a tangible and sustainable difference to the South African agricultural sector," concludes de Villiers.

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