Jobs Fund crowds-in R800m for inclusive agriculture

Development in agriculture is fundamental to supporting rural economies and livelihoods, inclusive economic growth, food security and broad transformation in the sector. With the rising unemployment rate in South Africa, now exacerbated by the coronavirus, it is imperative to focus on other initiatives that will benefit emerging farmers and work-seekers across the country.

As such, the Jobs Fund, in partnership with Atlantic Black (Pty) Ltd, has leveraged more than R 800m for job creation and broader inclusion of previously disadvantaged individuals in South Africa's agricultural sector.

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The fund is a R9bn fund established by the South African Government to facilitate sustainable employment amongst previously disadvantaged South Africans, youth and women.

Recently, three new agriculture projects were awarded grant funding from the fund and have begun implementing development initiatives that will benefit emerging farmers and work-seekers across all nine provinces in South Africa.

The fund offers once-off grants for enterprise development, infrastructure, support for work seekers and institutional capacity building, and partners with a number of organisations, funding initiatives that generate employment in innovative ways.

Partnership leveraging model

Every rand allocated to achieve a minimum matched funding ratio of 1:1. The partnership between the Jobs Fund and Atlantic Black (Pty) Ltd aims to transform the local blueberry industry by including previously disadvantaged farmworkers in the mainstream blueberry market. An additional partnership with ABSA, Topfruit, Southern Cross Marketing and Management and Haygrove, the Atlantic Black project will leverage matched funding of almost R184m off a R49m Jobs Fund grant.

The funds will be used to "establish a 50-hectare blueberry orchard in the Western Cape, part-owned and 100% operated by previously disadvantaged South Africans. The blueberry operation will target the annual gap in the European berry market from October to February," said Najwah Allie-Edries, head of Jobs Fund.

By leveraging the skills, experience and contacts of the partners invested in the consortium, this ground-breaking project will extend training, management and global export and marketing expertise to previously disadvantaged local workers, most of them women. The project is expected to create 852 jobs, consisting of 70 permanent jobs, 570 seasonal jobs and 212 short term jobs, and is supported by an employee equity scheme.

"This partnership marks the debut of previously disadvantaged South Africans as suppliers to the rapidly growing European berry market," says Allie-Edries. This is a milestone for transformation in the agricultural sector, "providing a blueprint for broader inclusion in this strategic high-end and high-quality export sector," she adds.

In a separate partnership, the Department of Agriculture, Forestry and Fisheries (DAFF) is matching a R300m Jobs Fund grant, with R300m of their own funding. Working with the Land Bank and the National Agriculture Marketing Council, the combined R600m pool will, "develop high potential emerging agricultural businesses, whose current turnover is between R200,000 and R500,000, into commercial enterprises," says Allie-Edries.

Increasing market accessibility

This enterprise development initiative implemented across all nine provinces, is a pioneering partnership that will capacitate emerging commercial farmers and marginalised agro-processing SMEs, "by helping them invest in production inputs and infrastructure, coordinate technical support, and build successful businesses able to access markets," explains Allie-Edries.

The project focuses on relatively high growth and high labour absorbing sectors such as citrus, macadamia, vegetables, livestock and cotton. All beneficiaries are expected to create further employment as their enterprises grow, broadening the ecosystem of inclusion amongst rural communities in South Africa.

Importantly, "candidates will be required to have significant skin in the game," says Allie-Edries.

All beneficiaries will need to demonstrate that they have contributed their own funds to the business - or derive 80% of their personal income from operations. Candidates will also be required to demonstrate significant non-financial contributions to the business, through; full-time involvement, land ownership, water rights or recognised agricultural qualifications or other relevant skills.

In addition to supporting 108 black-owned and currently marginalised agricultural enterprises to commercialise their operations and access established value chains, "this innovative partnership with the Department of Agriculture, Forestry and Fisheries demonstrates how different sources of government funding can be combined to catalyse commercial activity amongst South Africa's significant emerging farmer sector," says Allie-Edries.

The project with DAFF will train 7,812 project beneficiaries and create 5,483 jobs, consisting of 1,715 permanent jobs, 3,720 seasonal jobs, and 48 short term jobs.

Building agriculture sustainability

In a smaller, although no less significant R20m partnership, the Jobs Fund, working with the Pick 'n Pay Foundation in partnership with the SAB Foundation, is supporting five emerging inland farming operations to become sustainable commercial agricultural businesses.

Pick 'n Pay has identified that small-scale farmers seeking to supply retailers with produce, often lack collateral to raise funding to expand their businesses and struggle to meet food safety requirements. Previously disadvantaged small-scale farmers in South Africa also lack the logistics infrastructure needed by retailers – especially the packhouses required by legislation.

All five enterprises representing both fresh produce and livestock producers will be assisted to register their businesses, develop their products and services, set up bookkeeping and cash flow management systems, comply with packaging and labelling legislation, provide product traceability, and meet food safety audit requirements.

Thereafter all five farmers will be "registered on the Pick 'n Pay portal, enabling them to access the logistics required to place their products on Pick n Pay shelves," says Allie-Edries.

In addition, Pick 'n Pay will provide the five beneficiaries, favourable rebates, preferential trading terms, a dedicated mentor, financial training, access to corporate experts, networking support, and firm off-take agreements with Pick 'n Pay. Significantly, the off-take agreements will enable beneficiaries to leverage further funding from commercial banks, the Industrial Development Corporation or the National Empowerment Fund, "using these agreements as collateral," says Allie-Edries.

Beyond assisting five previously disadvantaged and marginalised emerging farmers to access mainstream agricultural and retail supply chains, "this partnership will create a total of 171 jobs, consisting of 53 permanent jobs, 104 seasonal jobs, and 14 short term jobs, while also training 50 beneficiaries," says Allie-Edries.

If successful, this high impact partnership will be taken to scale across South Africa.

Broadening industry inclusion

The three agricultural partnerships selected by the Jobs Fund in 2019 are particularly relevant to South Africa's current debate on land reform. All three, "represent practical and achievable routes to broader inclusion that leverage partnerships with existing mainstream expertise and assets," explains Allie-Edries.

"Furthermore, the success of these partnerships is largely underpinned by the ability of the Jobs Fund grant to leverage additional investment by both private and public sector players, thereby significantly increasing the impact on target beneficiaries."

All three partnerships highlight the agricultural sectors' broad and largely still untapped potential to extend inclusion by "successfully creating jobs and building sustainable livelihoods amongst South Africa's largely marginalised rural communities," concludes Allie-Edries.