



South Africa Siyasebenza

OVER A DECADE OF INNOVATION AND PARTNERSHIP



Ushintsho Olughakazile

Jobs Fund Webinar

The Inclusion of Emerging Farmers in Livestock Value Chains: Learnings from the Sernick Emerging Farmers Project

28 November 2023

The event will start at 10h00



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



National Treasury
REPUBLIC OF SOUTH AFRICA

Welcome & Opening Address

Najwah Allie-Edries

Deputy Director-General: Employment Facilitation
(Head of the Jobs Fund)



Background to the Jobs Fund

Facilitator: **Lionel Kunene** (Jobs Fund Team Leader)



- The **Jobs Fund** is a R9 billion challenge fund seeking to:
 - **Support sustainable job creation** in the short to medium term, and
 - **Identify scalable, replicable and sustainable job creation models** that lay the foundations for longer term employment.
- The Fund works with implementing partners (intermediaries), sharing risk and leveraging their networks, funding and technical expertise to access and provide support to the targeted market segment.
- It plays a complementary role in the social protection and employment landscape.
- The Jobs Fund was established with knowledge sharing as one of its foundational pillars and has a rigorous monitoring, evaluation, reporting, and learning framework.
- To this end, the Jobs Fund regularly hosts and participates in knowledge exchange sessions, together with its partners and the public.



The Inclusion of Emerging Farmers in Livestock Value Chains: Learnings from the Sernick Emerging Farmers Project

Petro Naude (Managing Director Farmer Development – Sernick)

Tebogo Molele (Senior Monitor – Sernick)

Michael Atkinson (M&E Advisor – Sernick)



Sernick Farmer Support Programme

1. Background to the project
2. Description of the project
3. Outcomes
4. Key learnings

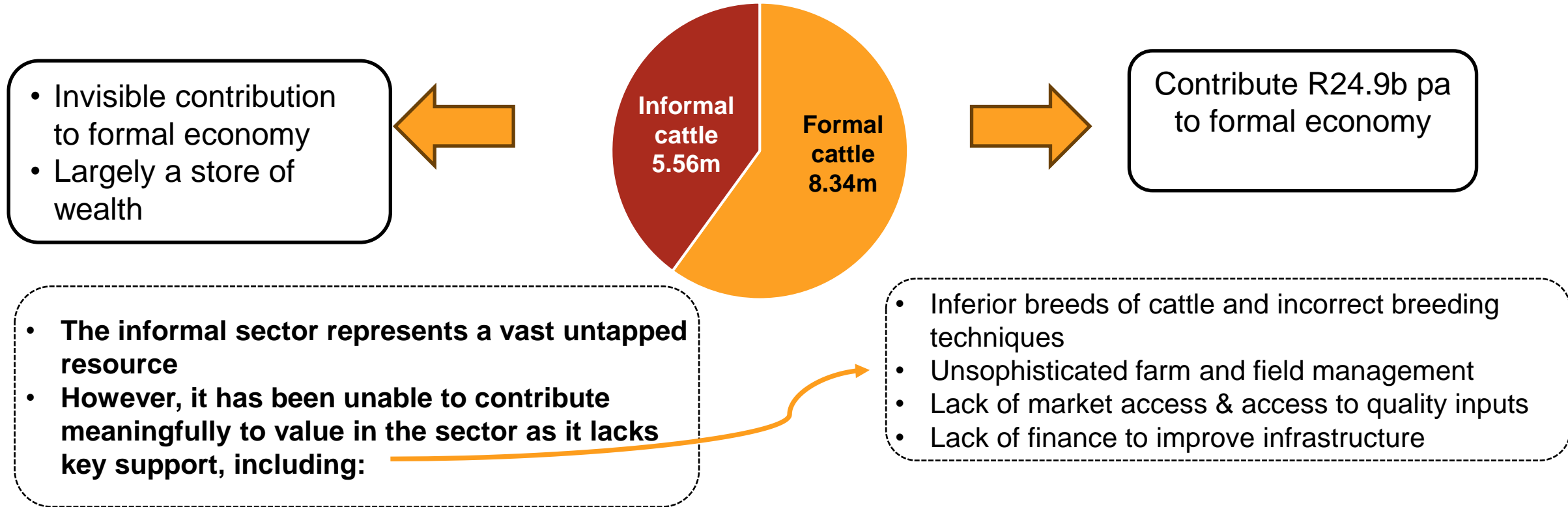


1. Background to the project

1. Background to the project - *The need for farmer development identified*



Cattle population in South Africa (2020): 13.9m



With the appropriate interventions and programmes, many of these farmers can improve their livestock breeds, become commercially viable and increase employment and prosperity

1. Background to the project - *History of Sernick's farmer development*



2015

2016

2017

2018

2019

2020

2021

2022

2023

2024

Sernick's First Farmer Development Programme

R25m loan from Landbank's Wholesale Finance Facility

30 farmers provided with internships

- Sernick understood the need to develop Black farmers to integrate them into the value chain
- Embarked on a concerted effort to design a sustainable programme to for Black farmer development

Sernick Emerging Farmer Development Programme

R186m from Jobs Fund

R250m from Sernick

660 farmers supported

Ongoing participation, mentoring & monitoring



2. Description of the project

2. Description of the project - *Philosophy of the farmer development project*



Build Expertise

- Practical training courses provide herd health & management plus farm & business management skills
- Ongoing mentoring provided to ensure training is adopted



Measure & Monitor

- Mentors monitor farmer's progress and reports are generated for project and donor management
- Best farmers are provided with additional support and opportunities to grow their farm businesses



Create sustainable wealth

- Even when the formal programme is concluded, the farmers continue to participate in the value chain
- Farm businesses continue to grow, providing for inter-generational wealth accumulation

2. Description of the project - *Tiered approach drives transition from subsistence to commercial farming*



Subsistence farming to commercial farming
More incentives as beneficiary moves up Tiers

Tier 3
Target 50 farmers

Ability to commercialise with >100 cattle & available land

Tier 2
Target 300 farmers

More than 25 cattle

Tier 1
Target 660 farmers

Less than 25 cattle

- Model drives transition through a stepped approach:
- Farmers enter at Tier 1
 - Transition to higher Tiers as they advance their farming enterprise

2. Description of the project - *Benefits granted at the different Tiers*



Tier	Benefits to farmers
<p>Tier 1 (Less than 25 cattle)</p>	<ul style="list-style-type: none"> • Inspect their animals, once off (to place them on a tier) • 3-day short course training
<p>Tier 2 (More than 25 cattle)</p>	<ul style="list-style-type: none"> • Baseline + quarterly visits to farms by monitors (to offer support) • Quarterly progress reports (used for selection to Tier 3) • NQF (1-year accredited training course) • Other incentives as per negotiation with project funders
<p>Tier 3 (Ability to commercialise)</p>	<ul style="list-style-type: none"> • Financial & business management, succession planning • Possible infrastructure, possible rental herd (depending on funding) • Support for funding applications to funders • Monthly visits to farms • Quarterly or monthly progress reports

2. Description of the project - *The project was implemented in the context of the beef value chain*



- The value chain is a critical element of the project as it provides:
 - An outlet for the farmers to sell their unproductive cattle and later their weaners
 - Inputs provided to the farmers (feed and cattle)
- The value chain creates far more jobs than primary agriculture
- Funding was provided to enhance the value chain in certain areas
- Funding was provided for feeding and growing cattle in the feedlot:
 - Profits from the custom feeding was used to subsidise salaries of the Tier 2 farmers.
- Money cycles in the value chain



3. Outcomes of the project

3. Outcomes - *The project has had an extensive, measurable impact in the area that it was implemented*



Tier 3 – Ability to Commercialise
50 farmers

1,750 pregnant cows & 50 bulls

R16.8m on farm infrastructure

Funding from Jobs Fund and Sernick:

R434m

Funding generated from feedlot feeding:

R560m

Loans to farmers:

R13m

Tier 2 – More than 25 cattle
300 farmers

650 salaries for 12 months

330 NQF learnerships in animal production

Tier 1 – Less than 25 cattle
660 farmers

660 farm assessments

2,160 accredited short courses

>35,000 cattle

>450,000 hectares

Total 4,060 accredited short courses

1,433 jobs created



Farmer wins

Tier 3 farmers are independent decision makers able to compete with commercial farmers

Farmers are able to apply for loans in their individual capacities:

R17m approved to 6 farmers by Absa

40+ in the pipeline of funding with Absa and Landbank

Farmer herds continue to grow

Other wins

Sernick has benefited:

Purchases from the Sernick value chain (feed, animals) by improved farmers

Supply of good genetic weaners to the value chain from farmers

New farmer development programmes started elsewhere:

Royal Bafokeng (August 2023)

Northern Cape Province (August 2023)

4. Key learnings

4. Key learnings - Overall key success factors for the project



- The success of the project was demonstrated in achieving the outcomes that had been forecast in the Implementation Plan.
- The success of the project can be ascribed to multiple factors, including:



Strong project management and supporting team



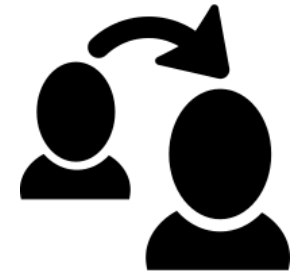
Seeing the success of the Sernick farming enterprise and their peers, gives the farmers inspiration



This is a long-term intervention: farmers are not created in a year



When farmers see success in Rands, they continue to farm in the way that they have been taught

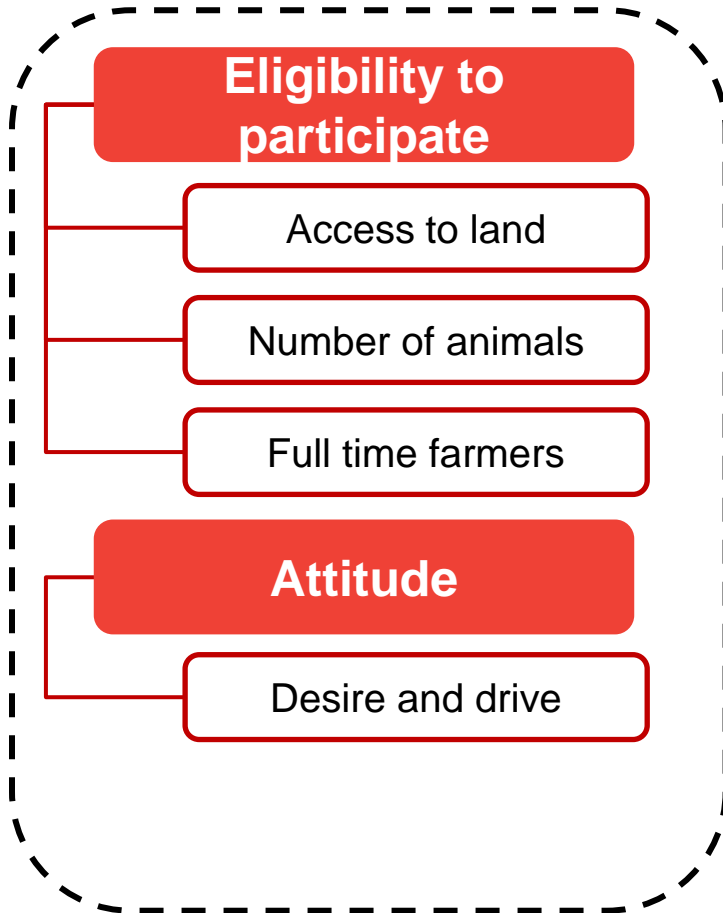


Partnership model - Strong and close support from the Jobs Fund team members

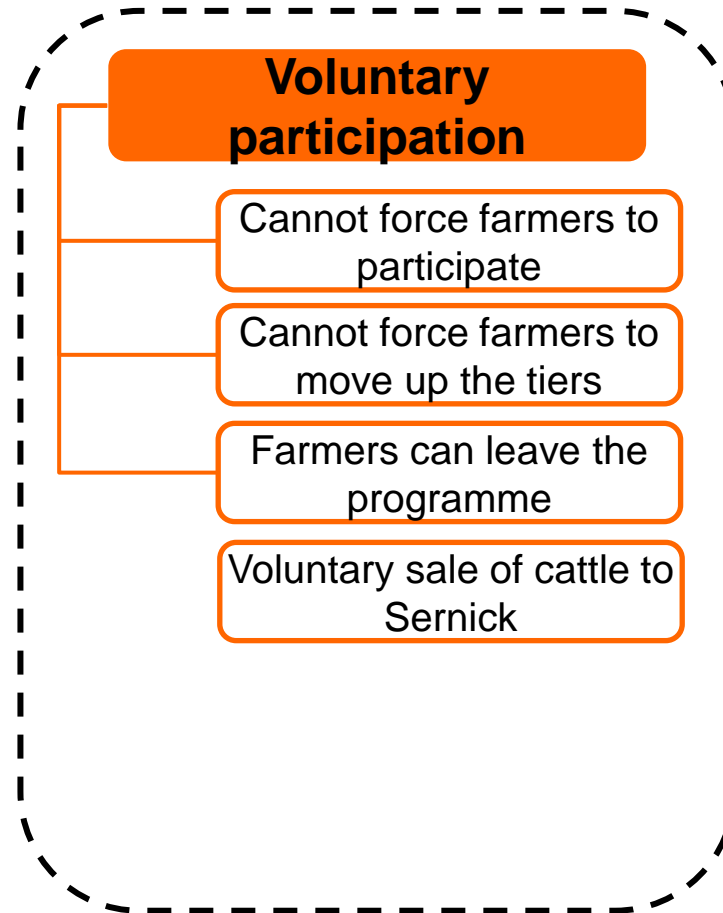
4. Key learnings - Selection, participation and graduation through the programme



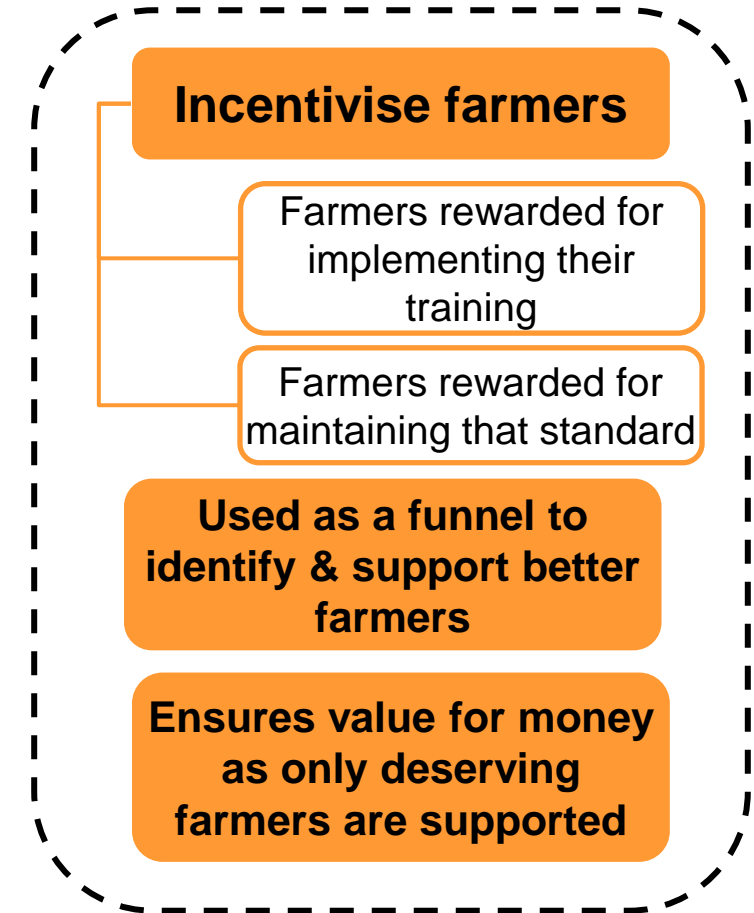
Selection



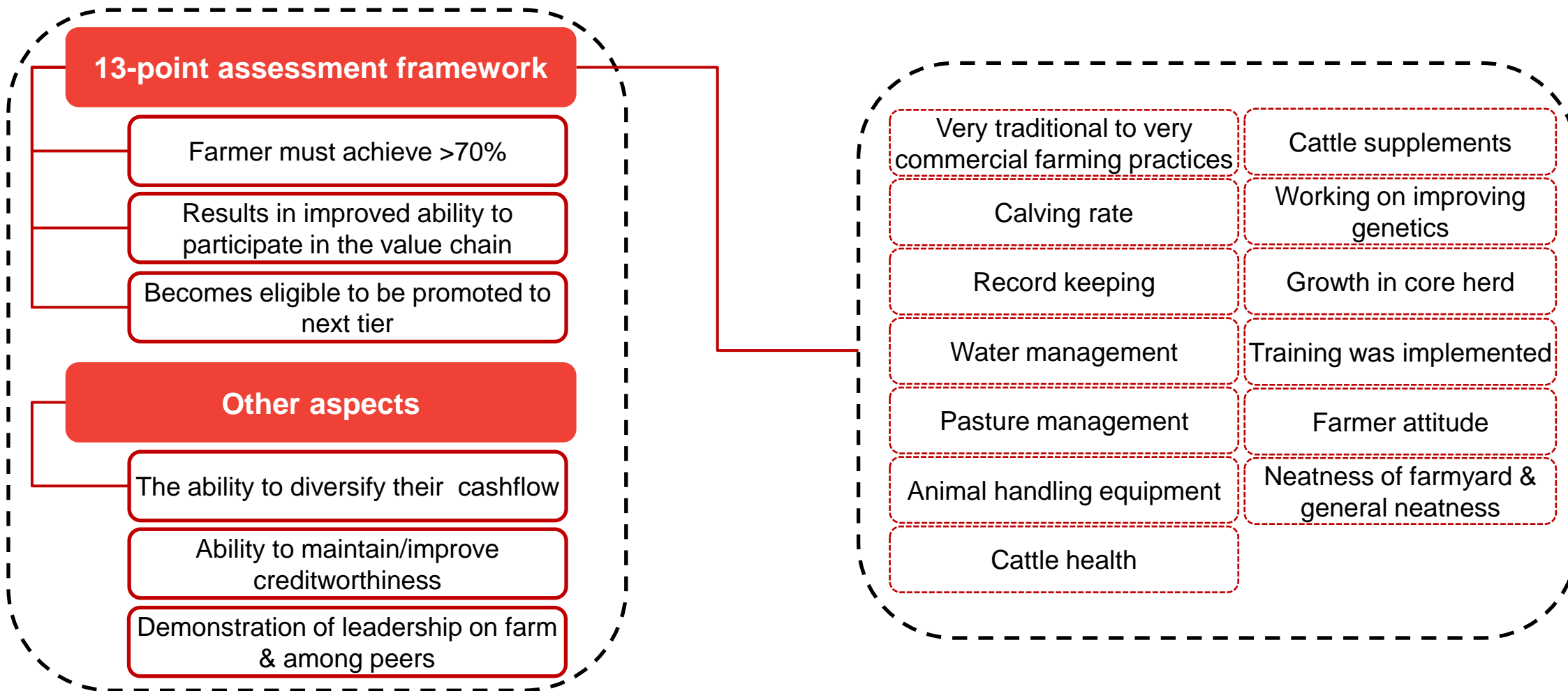
Participation



Tiered approach



4. Key learnings - *Key success factors for the development of the farmer*



4. Key learnings – *Highlighting some challenges*



Job creation challenges

- Initial forecast that 300 jobs would be created at the Tier 1 level
- Intervention at Tier 1 was insufficient to stimulate job creation
- Some jobs take longer than forecast (e.g., at the Tier 2 level)

Solution

- Had to look innovatively at creating other jobs (due to jobs not materialising on Tier 1 farms)
- Additional jobs were created within the value chain (e.g., training and placement of blockmakers)
- Infrastructure development teams were created instead of using 3rd party suppliers
- Additional jobs were recorded at the Tier 3 level in excess of what was forecast

Initial skepticism of participants

- Participants have had promises from other agencies which have not materialised
- Participation initially required Tier 1 beneficiaries to swap poor-quality animals for better quality animals (but fewer of them)
- Hesitance to do so due to their skepticism

Solution

- Build trust with the farmers through the constant interaction of the monitors with farmers
- Didn't force the swap in any Tier
- By Tier 2 and 3, many farmers voluntarily swapped their animals

Tier 1 - less than 25 cattle
Tier 2 - more than 25 cattle
Tier 3 - pre-commercial

4. Key learnings – Partnership-driven initiatives are fundamental



Comprehensive support is provided by the Jobs Fund team throughout the project life cycle

Project design

Building a Strong Foundation - Comprehensive process with hands on support from JF team assigned

Refining the Theory of Change - The JF team assigned to evaluate a project assist in refining the project's theory of change

On-going guidance - Provide practical guidance and suggestions to mold a concept that we had presented into a palatable project for the investment committee

Project implementation

Monitoring & Reporting - Comprehensive quarterly reporting is a minimum requirement

Feedback & Input - Once the report is submitted, the JF team reviews it in detail and provides feedback

Grant Funding Approval - The next draw request serves at the relevant committee; as long as the project performs as targeted, the next tranche is paid

Flexibility as the project rolls out

- While the project is contracted in the Implementation Plan, there are realities of implementing which do not always go according to plan
- Through the appropriate mechanism, such as the Mid Term Evaluation, Sernick was able to adjust some of the aspects of the project to promote success

4. Key learnings – *Several innovations were piloted in the project*



Tiered approach

Limited resources are applied to the most deserving farmers



Commercial activities

Generates additional funds & ensures sustainability



Rental herds

Enables the farmer to grow their herd with limited project resources



Job creation throughout the value chain

Sustainable jobs created at Tier 2 & Tier 3 and in the value chain

Tier 1 - less than 25 cattle
Tier 2 - more than 25 cattle
Tier 3 - pre-commercial



Pause for questions

Closing Address

Najwah Allie-Edries

Deputy Director-General: Employment Facilitation
(Head of the Jobs Fund)



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Thank you



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