

KWAZULU NATAL: MAKHATHINI COTTON FARMERS DAY

UMKHANYAKUDE DISTRICT MUNICIPALITY

JOZINI LM: MJINDI FARM

PRESENTATION BY DRDLR KZN: REID BRANCH

14 AUGUST 2015



**rural development
& land reform**

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

1. PURPOSE

To provide a brief on progress of Ubongwa Cotton Development Services **milestones and its impact** on the enhancement of cotton production for emerging black cotton farmers in the Makhathini flats at Jozini through the intervention and support of the Department of Rural Development and Land Reform.



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2. PROJECT OBJECTIVES

1. To provide an on **farm assessment of available infrastructure** with beneficiaries
2. To **train** beneficiaries in cotton production through an on-farm **mentoring**
3. To **upgrade the infrastructure** on farm to enable beneficiaries to successfully produce cotton
4. To support with the **reestablishment of the Makhathini Gin** as a viable commercial enterprise



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3. BACKGROUND

- In **SA Cotton processing Gins** are 5 including Ubongwa Development and the only one owned and managed by Black Farmers.
- Most Cotton processing Gins in Africa have strategic partners from abroad but **Ubongwa has the Department of Agriculture and DRDLR only as partners.**
- This initiative **enhances cotton production** by small holder farmers in the Makhathini region to enable them to become sustainable producers of quality cotton **and become involved in additional phases of the value chain.**
- This will also apply to the **on-going job creation potential** of the project related to continuous cotton production to feed the entire value chain via the Makhathini Gin.
- In the past over **3000 small holder farmers** were successfully producing cotton in the Makhathini region, however with the liquidation of the Makhathini Gin this has **decreased.**
- The Gin was subsequently **purchased by DAFF** with the intention of recommissioning it **to process local cotton production.**



3. BACKGROUND CONTINUED

- Farmers associations had an MOU with DAFF for funding to revitalize the gin and to support the farmers with the production inputs for the 2012/2013 cotton crop.
- About **800 hectares of dry cotton land** and **190 hectares of irrigated cotton land were planted** with DAFF funding. DAFF managed to complete 80% of the gin repairs.
- DAFF is currently in the **process of transferring the Gin** to the Ubongwa Farmers' Co-operative which comprises of **32 farmers' associations** under their umbrella body (Ubongwa) with a total number of **1579 farmers**.
- This Co-operative **will become solely responsible** for the successful operation of the Gin and this will result in **farmers being involved in more stages of the value chain** of cotton processing.
- They will also be responsible for the **marketing of the cotton processed** through the Gin and have already negotiated contracts with spinners.
- Their intention is to take responsibility for their own cotton **from production to processing and garments for the retail industry**.



3. BACKGROUND CONTINUED

- Through the DRDLR SLA with ARC, **the project managed to enhance cotton production** done by small holder farmers in the Makhathini region.
- DRDLR through ARC has supported Ubongwa Cotton Development Services, which is a representative body of all small holder cotton farmers on the Makhathini flats, to establish the Gin as a profitable enterprise through mentoring of farmers in cotton production and the running of the Gin.
- There are also specific deliverables relating to farmer liaison, training and cotton procurement for which Lima has been contracted by Ubongwa to undertake.
- **Local Municipalities identified** for cotton production under UMkhanyakude District are **Jozini, Umhlabuyalingana and The Big five.**



4. PROJECT MILESTONES ACHIEVED

- INSTITUTIONAL ARRANGEMENT AND LIAISON WITH FARMERS ASSOCIATIONS (GENERATION OF GROWERS DATABASE)
- REVITALIZATION OF MAKHATHINI GIN
- APPOINTMENT OF MENTORS AND GIN STAFF
- GINNING OF COTTON
- MENTORING AND TRAINING OF FARMERS
- PROCUREMENT OF FENCING MATERIAL
- OFFICE EQUIPMENT AND VEHICLES
- BUDGET AND EXPENDITURES
- IMPACT ON FOOD SECURITY AND JOB CREATION
- DEVELOPMENT OF A 5 YEAR PLAN



5. INSTITUTIONAL ARRANGEMENT AND LIAISON

- **Project steering and review committees** were established and amongst representatives are; DRDLR, ARC, Ubongwa, Lima, and Provincial Agriculture and Municipality with the purpose to evaluate and approve the project progress.
- **Identification and meetings with cotton farmers** and their associations in their respective areas explained the status of the gin, what funding had been received to revitalise the gin and what programs were being put in place to make the gin sustainable.
- **Findings confirmed challenges** they experienced in selling their cotton eg to Loskop gin (Limpopo) where it took a long time to get paid, and also the agreed payments per kilogram of cotton was not received as Ubongwa had poor crop estimates and could not fulfil their contract and this was a result of Ubongwa not having field based extension support.



5. INSTITUTIONAL ARRANGEMENT AND LIAISON CONTINUED

- Many of the associations were not fully operational and did not have office bearers in place and with the large number of farmers it was not always practical for extension staff to visit individual farmers and it was therefore important that there are **strong and functional farmers associations** in place through which extension staff can function.
- The **revitalisation of the associations** was therefore a key activity in the extension services process and it yielded great improvement in organisation of farmers associations since the beginning of this project.
- Lima Rural Development Foundation was appointed to provide **extension and training support services to farmers.**
- Activities entailed **marketing of the Gin** to farmers associations and **encouraging farmers to get involved** in cotton production and a database of farmers that were interested in planting cotton was generated as part of this process.



6. REVITALIZATION OF MAKHATHINI GIN

- Revitalization of the gin is now 100% complete and the maintenance and cleaning of the gin premises is on-going.
- 31 permanent jobs for the gin staff have been created.



7. APPOINTMENT OF MENTORS AND GIN STAFF

- The project created **3 extension jobs** in line with the SLA, through LIMA.
- The contract allowed for the appointment of **3 permanent staff** being a Senior Farmer Technical Officer and two Junior Farmer Technical Officers.
- Two staff was later absorbed by Ubongwa cotton development services on permanent basis.
- Appointment of the gin staff was done with a total of **31 employees currently on site.**
- During ginning of the cotton, **42 seasonal workers** were appointed for duration of three months.



8. GINNING OF COTTON

- A total of **511 tons** of 2012/13 seed cotton was **ginned** over two and a half months and about **300 tons of seed cotton was sent to Loskop Gin in Limpopo** since the Gin was not yet completed during the first picking time.
- A total of **848 tons** of 2013/14 seed cotton was **ginned** over two and a half months. A total number of farmers that were beneficiaries during the 2012/13 season were **513** and during the 2013/14 season **577 farmers benefited**.
- A total of **600 tons** of 2014/15 seed cotton was **ginned** over two and a half months. A total number of **farmers** that were beneficiaries during the 2014/15 season were **590**.
- **577 famers** who are part of 2014/15 beneficiaries are currently busy with the cotton **harvesting**.



9. MENTORING AND TRAINING OF FARMERS

- Lima services were used to provide ongoing extension support to the farmers that had planted.
- This involved support with planting, weeding and pest control, harvesting and co-ordination of the delivery of lint to the Gin.
- The training provided was infield extension rather than formalized training.
- Extension staff would visit farmers associations and individual farmers in order to provide advice and guidance on the farming activities being undertaken at the time.
- A total of 517 out of a potential of 1590 farmers planted 710Ha out of 2500ha of land available.



10. PROCUREMENT OF FENCING MATERIAL

- **Fencing of 150ha** was done at Ikhwehle, which is a field where some of the farmers from Ubongwa have cotton fields. A total number of **51 (cotton) and 42 (livestock) farmers benefited** from the fenced land.
- Fencing materials was procured at an amount of R 905 219.17 and an amount of R 230 000 was spent on erecting the fence.



11. OFFICE EQUIPMENT AND VEHICLES

- The **office furniture and computers** were purchased at an amount of R 70 127.20 and delivered to the Gin.
- **Four vehicles** have been purchased (i.e. Toyota Avanza, Toyota S/C 3.0, Toyota S/C 2.5 and Toyota D/C 2.5) at R 953 051.19.



Table 1: SUMMARY OF ACHIEVED MILESTONES

MILESTONE	PROGRESS	STATUS
Liaison with farmers	Liaising with farmers is on going	Achieved
Liaison with DAFF and Farmers' Association	A letter regarding the current status of the gin was received from DAFF	Achieved
Appointment of mentors and gin staff	Appointments had been done	Achieved
Establishment of project steering committee	The committee is established and functional	Achieved
Establishment of project review committee	The committee is established and functional	Achieved
Procurement and erection of the fence	Fencing of 150 ha was done at Ikhwehle	Achieved
Mentoring/Training farmers	Mentoring and training is under way	Achieved
Generate database of cotton growers	The database was developed	Achieved
Revitalization of the gin	The gin have been repaired	Achieved
Ginning of cotton	Ginning of seed cotton was completed	Achieved
Procurement: vehicle, office furniture and computers	Procured: 3 vehicles, office furniture and computers	Achieved
Development of a 5 year plan	Completed and available	Achieved



12. BUDGET AND EXPENDITURES

- The total project budget of R11 520 587 has been spent for the completion of the milestones. Ubongwa cotton farmer's cooperative has been supported with the **cotton production inputs to plant 710ha** to the value of R2 8000. **577 famers benefited** and are busy with the cotton harvesting.
- This has created 35 casual jobs for cotton harvesting and POE was submitted to DRDLR. Ubongwa cotton development services has set up a **revolving credit fund facility** to assist the famers with the cotton production inputs for the forthcoming planting season and minimise dependency syndrome and sustain the cotton production and utilisation of the Gin.



TABIE 2: EXPENDITURE AGAINST MILESTONES

Activity		ACTUAL Total
Mentoring and Training	Personnel - Permanent	1 736 844,89
Support for revitalization of Gin	Personnel - Seasonal	1 475 617,76
	Rent, telephone, consumables	384 690,59
	Gin Electricity	42 093,00
	Gin Electricity	280 000,00
	Gin repairs, weigh bridge	533 266,44
	Development of financial systems and audit	702 016,20
	Office Furniture and computers Programs	85 346,90
		70 127,20
Purchase of project vehicles		726 900,85
Travel: Kilometres and Subsistence		150 000,00
Farmer Auxiliary Support		230 000,00
Fencing Materials		905 219,17
Professional Management Fee ARC		915 264,00
		8 237 387,00



TABLE 3: INCOME RECEIVED

Income received	Description	Totals ex. VAT
Standerton Mills	334.508t – LINT	R 5 874 726.65
JFI Brecher	159t – Fuzzy Seed	R 485 614.18
Grains for Africa	238.84t – Fuzzy Seed	R 865 305.24
Subtotal		R 7 225 646 .07
Less Payments to farmers:		
Local Farmers	Paid	R 2 687 417.77
Tonga Farmers	Paid	R 1 302 617.50
Subtotal		R 3 990 035.27



13. IMPACT ON JOB CREATION, SKILLS DEVELOPMENT, ENTERPRISE DEVELOPMENT AND FOOD SECURITY

- **Job Creation:** The project had 17 people being employed full-time at the gin for the period of **15 months, 3 vacancies** have been created for the mentoring and training through LIMA, **11 jobs** have been created for security farm **guards, 23 jobs** for erecting the fencing of Ikhwehle, 1 for safety officer, 3 extension staff and 35 jobs for cotton harvesting.
- **Skills Development:** Farmers benefited from training under an umbrella body; Ubongwa Farmers' Co-operative which comprises of **32 farmers' associations with a total number of 1579 farmers.**
- **Enterprise Development:** A total of **577 cotton farmers** are already benefiting from the implementation of the project, thus resulted in the increase revenue for some households around the area. A total of **R3 990 035.27 has been paid to cotton farmers during the sale** of their cotton in the Gin. An estimation of more than 1 500 farmers is potential beneficiaries in the area. There is also **a potential of more than 2 500 hectares (vs 500)** of land that will produce cotton around Makhathini.
- **Food Security:** A substantial number of **seasonal employments** were created during the ginning of cotton at the gin and as a result of this employment, these people are food secured. During planting, weed control and harvesting periods, where temporary workers are employed, more jobs will be created thus resulting in some revenue for some households around the area.



14. DEVELOPMENT OF A 5 YEAR PLAN

- A draft five year plan which will be used to guide the business going forward and to apply for further funding was submitted to the Department.



15. CONCLUSION

- Cotton production is vital for sustaining the lives of the rural people in **UMkhanyakude and neighboring district municipality areas**. This industry created **128 jobs** between 2013/14 and 2014/15 financial years through the support granted by the DRDLR.
- This industry has a **potential of creating more than 100 permanent jobs** in the Gin and about **500 casual jobs** in the fields. DRDLR Agric Graduate Program.
- An **efficient extension development plan** is required for the effective cotton production in order to utilize the abundant dry land on cotton production and sustain the Gin operations.
- **More famers** will be attracted to replant cotton as it was their means of generating income during the early 1980's since there is a potential of more than 1590 farmers identified and 2500ha of land available.



THANK YOU



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DATABASE OF POTENTIAL GROWERS

ASSOCIATION	HA FALLOW		HA PLANTED	TOTAL FARMERS
JOZINI				
Isambulo	9.5		3	10
Maholela	17.5		10	12
Bambanani	61.5		6.5	19
Lubambo	16.5		3.5	15
Qondile	53		7	14
Phaphamani	24		7.9	15
Qambindlela	10		4.3	11
Qhakazani	96		0	43
Qaphelani	52		0	34
Mthidlwe	130		0	57



DATABASE OF POTENTIAL GROWERS

ASSOCIATION	HA FALLOW		HA PLANTED	TOTAL FARMERS
JOZINI				
Iseluleko	86		0	27
Ezimbengeni	5		0	4
Emkholweni	63.6		9.4	17
Bhambanana	38		0	6
Total	1469.7		336.7	758



DATABASE OF POTENTIAL GROWERS

ASSOCIATION	HA FALLOW		HA PLANTED	TOTAL FARMERS
MHLABUYALINGANA				
Vukuzimisele	171.7		99.2	175
Hlokohloko	155.7		73.1	147
Madonela	119.8		39.8	83
Welcome	110.4		19.1	66
Hlazane	26.3		16.9	20
Vezukukhanya	90.2		8.6	60
Vukani	115.3		79.1	100
Total	789.4		335.8	651

