

**RURAL DEVELOPMENT AGENCY SUPPORT TO
EMERGING FARMERS IN THE EASTERN CAPE
PROVINCE**

BY

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DECLARATION

I, Tembisa Ndlazi (student No: 204019923) hereby declare that the treatise for Masters in Developmental Studies is my work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.

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Abstract

The objective of the study is to analyze the impact of the ECRDA in projects managed by Eastern Cape emerging farmers. In this study, emerging farmers are farmers that are participating in the market and have intentions to produce and sell at a large scale. The study also investigates the challenges facing the emerging farmers supported by ECRDA as well as the support given to these farmers by ECRDA

The study is based on randomly selected farmers around Eastern Cape Province that are supported by ECRDA with finance to buy production inputs. Six interviews have been conducted around Eastern Cape, one in each of the six district municipalities. The information was transcribed and verbatim text was produced. From the verbatim text about 8 themes and sub-themes were identified and were analysed using qualitative content analysis method. The themes that were identified are: The first theme was the lack of infrastructure make a conducive farming environment. The second was the insufficient service from ECRDA officers, as well as those from the department of agriculture. The third theme that emerged was the availability of farming land from which the clients plough, and also use as a grazing land for their livestock. The fourth one focuses on the access to capital, and the challenges that are encountered when applying for loan

at ECRDA. The fifth theme is the concern about the safety of the maize they plant, not only from the unattended livestock, but as well as thieves, when the maize is ready. The sixth theme is the availability of market, where the farmers are able to sell their produce when it is ready. The seventh theme was skills development, and whether farmers are trained in order to be effective and efficient farmers. The last theme focuses on loan repayment, how the farmers repay the loan from the ECRDA.

These themes constitute the main challenges that hinder the sustainability of emerging farmers' projects.

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1.1 INTRODUCTION

After twenty years of democracy, South Africa is still faced with economic problems such as a high rate of unemployment, high income inequality, and poverty. The Eastern Cape Province is the poorest of all the provinces of South Africa. The Eastern Cape Province is predominantly characterized by rural areas as it encompasses the former Transkei and Ciskei, the former homelands which were previously disadvantaged and deprived of all the development, and, a few areas which were under the former South African administration (Callinicos 1996).

The Eastern Cape is divided into six municipal districts namely, Alfred Nzo; O.R. Tambo; Amatole; Chris Hani; Cacadu and Joe Gqabi. It is ranked as the third most populated province after Gauteng, and KwaZulu Natal, with a population of 6.7 million, comprising approximately 12.8 per cent of the national population. It is the province with highest rate of migration in South Africa, as people migrate to richer provinces in search of better opportunities. Males of working age; that is between the age of 16 and 64, form the significant portion of migration, hence females outnumber males in the working age group. In O.R. Tambo, the difference between the number of males and females in the working age group, is 4.5 per cent, with females outnumbering males (Department of Economic Development, Environmental Affairs and Tourism 2013: 11-12).

The economy of this province depends mainly on agriculture, and there is a huge area of fertile, open and arable land, which is the main natural resource that the province is endowed with. The Eastern Cape Province, however, remains amongst the poorer provinces of South Africa. It faces social challenges such as poverty, income inequality, low food security and a high rate of unemployment. Since there is a huge section of unskilled labour, the province practices subsistence farming to a large extent, except for a few individual projects where people have the resources to engage in commercial farming (Punt 2005:7).

Moyo (2005:1), states that one way in which the economy of the country could be improved, could be through developing and ensuring the sustainability of Small, Medium and Micro Enterprises (SMMEs) This assertion is based on the following findings:

- SMMEs constitute 97.5 per cent of all businesses in South Africa.
- SMMEs' (excluding survivalist and micro enterprises) contribution to the gross domestic product (GDP) increased from 32.7 per cent in 1995 to 36.1 per cent in 2002 (Nieman 2006:13).
- SMMEs also contributed about 42.7 per cent of the total value of salaries and wages paid in South Africa in 1997 and in 2002 accounted for 68.2 per cent of employment in the private sector (Nieman 2006:14).

The South African government showed initiative by drafting a White Paper on the national strategy for the development and promotion of small business, in order to show its intention of assisting SMMEs to overcome obstacles such as , the of lack of access to finance and training (Chalera 2007:84). Some of the measures stated were, the intention to create a favorable environment for SMMEs, which included making it possible for SMMEs to obtain finance, to provide relevant advice and information, to facilitate access to reasonably priced infrastructure, to provide training in entrepreneurship and management skills, and to facilitate access to technology and enhance the labour environment (DTI 2005:11).

In addition, government institutions (Ntsika Enterprise Promotion Agency and Khula Enterprise Finance Limited) were created to implement the National Small Business Strategy (Chalera 2007:86). In December 2004, the Small Enterprise Development Agency (SEDA), an agency of the Department of Trade and Industry, was established, through the amalgamation of the Ntsika Enterprise Promotion Agency, the National Manufacturing Advice Centre Trust (NAMAC), the Community Public Private Partnership Program (CPPP) and the Small Enterprise Human Development Program. (DTI). In terms of the National Small Business Amendment Act, 2004, SEDA's function is to "facilitate the building of sustainable and competitive enterprises, facilitate the promotion of entrepreneurship, facilitate the creation of enabling operating environments for small business, and facilitate access by small enterprises to non-financial resources". Khula Enterprise Finance Limited was founded in 1996 as an agency of the Department of Trade and Industry (Ferreira 2007:106). Khula provides finance through various means, such as commercial banks and retail financial intermediaries (Ferreira 2007:106).

Regardless of these good intentions, Chalera (2007:87) indicated “that survey shows that these policy measures suffer from sub-optimal implementation due to a general distrust of external support agencies”. In addition, Lewis (2001:28) identified insufficient contracts and weak support programs from government, as constraints hampering small business development and growth. Survey data indicated that SMMEs were not aware of SEDA and Khula Enterprise Finance Limited, as these government institutions were poorly promoted and coordinated (Lewis 2001:29).

The lack of education and training is also identified as a constraint to the development of SMMEs in South Africa. Von Broembsen, Wood and Herrington (2005:41) stated that the South African schooling system neglected the importance of entrepreneurship, and failed to provide learners with the fundamental information and expertise necessary to start a business.

According to Foxcroft et al. (2002:48), many schools do not have the necessary teaching materials, and teachers lack the knowledge and skills to educate entrepreneurship to its optimum level. Entrepreneurship is neglected at schools, colleges and universities. Some tertiary institutions, however, have started to increase their focus on entrepreneurship.

Inadequate management, in the form of limited business knowledge, poor management, inadequate planning and inexperience, is another problem facing small firms (Megginson et al. 2006:13). Sinxoto (2007:38) further states that the majority of SMMEs are unsuccessful due to their insufficient knowledge of finance, and their inexperience in marketing and human resource management.

The department of Rural Development and Agrarian reform is playing an important role in this regard, introducing programs that reduce poverty and the rate of unemployment by creating agricultural SMMEs. These programs engage the communities in farming and assist them with resources. The challenge, however, is the financial assistance and business support facilities needed by emerging farmers to sustain their projects. This is due to policy frameworks and regulations that regulate development finance institutions, lending institutions such commercial banks, and other institutions, that are credit providers.

In January 1995, the president of South Africa, Nelson Mandela, appointed a commission of enquiry to investigate the needs, aspirations and demand for financial services in the rural areas of South Africa. Among the issues which took priority were the following:

- Rural infrastructure such as water, electricity and roads
- Financial services
- Earning opportunities
- Skills development

Among the recommendations made, the commission recommended that financial services should be provided to improve agriculture in rural areas. The Eastern Cape Rural Finance Corporation Act was passed in parliament in order to establish the Eastern Cape Rural Finance Corporation (ECRFC), a financial institution whose mandate was to facilitate agricultural development in the province (Mamase 2003: 7). Government had to intervene give financial support to the viable and sustainable projects. The challenge was that credit providers lent to the debtors who had collateral, and the administration costs of loan application were too high.

The Strauss Commission set the criteria whereby one would be measured in order to qualify for the loan. The commission highlighted the following as the most important:

- Ability to repay the loan;
- The repayment history of the prospective client should be considered as they show the character of the prospective client;
- The background of the venture is important as it could identify where the venture comes from.

It was recommended that parastatals had to operate these credit institutions and not government departments, as it had been proven that the departments could not be effective and or efficient in administering funds. The Commission also recommended that the Land Bank should be at the forefront of the institutions administering agricultural loans (Mamase 2003: 7).

In July 2000, as recommended by the Strauss Commission, the corporation started operating officially, offering a large range of products to meet its strategic objectives of rural development. These products included agricultural loans, such as input loans, livestock loans, poultry loans and

farm purchase loans, plus non- agricultural loans such as starter business loans. This array of products would also be used to establish lower risk asset portfolios, so as to mitigate the risk of target markets which did not have collateral.

The Eastern Cape Rural Finance Corporation (ECRFC) incorporated the former Transkei Agricultural Bank (TBA) and the former Ciskei Agricultural Bank (CBA). The ECRFC had two divisions:

- (i) Uvimba bank which dealt with issuing out agricultural or business loans to individuals, groups or the juristic persons.
- (ii) Vulithuba which dealt with the implementation of agricultural programs that are channeled to rural areas to reduce poverty and unemployment (Mamase 2003:7).

In 2013, this institution (ECRFC) successfully merged with the Accelerated Shared Growth Initiative of South Africa EC (ASGISA- EC) to form the Eastern Cape Rural Development Agency (ECRDA). ASGISA-EC establishments' fundamental function, was to ensure a sustainable rural economy that would improve livelihoods, and unlock the dormant potential of the land, and the people of the Eastern Cape. The ASGISA EC had a mandate to facilitate , coordinate and implement six high impact, priority programs (HIPPs) in the Eastern Cape Province, as was stipulated by the Provincial Growth and Development plan (PGDP). The ASGISA- EC integrated its functions with the ECRFC's wing, which was implementing programs of the Department of Rural Development and Agrarian Reforms. High Impact Priority Programs (HIPPs) that are the cornerstone of the ECRDA are discussed below:

1. Agriculture and Agro- processing, which includes:

- Revival of the irrigation schemes in the former Transkei and former Ciskei. These irrigation schemes include Qamata, Ncora, Bilatye, Keiskamma and Shiloh.
- Promotion of dry land cropping of large, arable land in the communal areas. The agency is working together with the Department of Rural Development and Agrarian Reform (DRDAR) on food security and job creation programs, specializing in the cropping program, where vast number of hectares are planted in order to encourage people to go back to their roots, and so reduce poverty and unemployment. From 2012, the DRDAR allocated funds of about R7, 200.00 per hectare to plant maize, and the projected expenditure for each hectare was R9, 000.00; and the balance of R1, 800.00 per hectare

was to be topped up buy the beneficiaries. Those beneficiaries who cannot raise their own contributions are referred to the ECRDA for loan assistance.

- Livestock development to benefit the communal farmers who have been identified by the program of Land Redistribution for Agricultural Development (LRAD) (ECRDA Report 2012/2013: 17).
2. Rural Finance – the ECRDA to help those who want agricultural loans to plant crops, breed livestock and start up their non- agricultural businesses with start -up capital. The farmers are assisted with loans for soil preparation and to buy agricultural inputs for cropping. They also solicit loans to buy livestock such as sheep, cattle, goats and others. The woolgrowers specialize with Dohne-merino faming which is a dual purpose breed which produces wool and meat. The greater part of these loans are financed by the Micro Agricultural Finance Institution of South Africa (MAFISA), funds which are administered among others, by ECRDA. The non- agricultural loans, however, are financed from the ECRDA funds. During the period 2012/ 2013, about 557 loans amounting to R249,113 16 were investigated and approved by the ECRDA, and about 98 per cent of these loans were related to agricultural projects, while the remaining 2 percent was in respect of non-agricultural, rural development loans. During the period of 2012/2013, the ECRDA has approved and disbursed about R1436, 482.00 MAFISA loans; R3891,161.00 ECRDA agricultural loans and R2431, 954.00 ECRDA non-agricultural loans to clients that deal with timer (ECRDA Report 2012/2013: 17).
 3. Forestry Development – The ECRDA has the role of supporting the community representatives in planning, and implementing the forestry project. A total of 873 hectares of the land were planted with trees in the space of three years, and approximately R4.7 million was spent on this project with approximately 190 people employed. Approximately R1.6 million of the investment came from the DRDAR, and approximately R3.9 million came from revenue generated by the sale of timber (ECRDA Report 2012/2013: 17).
 4. Water Resource Development - Former Transkei and Former Ciskei irrigation schemes are in the process of being resuscitated and are among the priorities of the ECRDA programs

5. Hydro- power and alternative energy development;
6. Tourism Development, and addressing unsustainable Human Settlement Development (ECRDA Annual report 2012-2013).

1.2 Problem statement

Emerging farmers in the Eastern Cape are unable to sustain their projects with the assistance they are getting from the ECRDA. They regularly return asking for agricultural loans, year after year. They experience difficulties in repaying the loans sought from the ECRDA, because of the challenges they face in managing their projects. The most visible challenges are:

- the lead time – the period between the application of the loan and the time of approval, and
- the scarcity of the market;
- the lack of training for the project managers;
- the lack of mentorship for the projects and
- the lack of skills despite the farming enthusiasm.

The loan portfolio of the ECRDA reports that approximately 59 percent of loans given to emerging famers, are not serviced properly, and the projects are not sustainable as they cannot generate sufficient income to make the repayments and reinvestments (ECRDA Report 2015).

This study will examine the challenge facing the sustainability of projects funded by the ECRDA, and the loan repayment rate, and offer recommendations to solve the challenge.

1.3 Hypothesis

If the emerging farmer projects can be managed properly, and project managers be given enough training, and the market be made available for their produce, then the success of the projects would be improved, as would repayments.

1.4 The objectives of the study

The objective of the study is to analyze the impact of the ECRDA in projects managed by Eastern Cape emerging farmers. emerging farmers are defined in this study as the farmers that are participating in the market and have intentions to produce and sell more (Senyolo 2007:1) The study also sought to identify the causes of the high failure rate associated with the project of emerging farmers, and also, to find solutions to the problems.

The study aimed to:

- Investigate the challenges facing the emerging farmers of the Eastern Cape who are assisted by the ECRDA
- Identify the support that is required to assist emerging farmers to become effective and sustainable.
- Present recommendations based on the aforementioned analysis.

1.4 The importance of the study

The study has shed light on issues and challenges that face emerging farmers of the Eastern Cape. It identified the root cause of why the majority of emerging farmer projects have failed, specifically those that have been assisted by the Eastern Cape Rural Development Agency (ECRDA). The research also made recommendations to solve the problems. This study may benefit farmers as well as governance of the ECRDA.

1.6 Research methodology

The research is in a form of a case study, qualitative type of research, where one on one interviews were conducted, and content analysis was done. In order to address the objectives of the study and to test the hypotheses, the research strategy was divided into two main components, namely, the primary and the secondary study.

Secondary Sources: In order to identify the constraints, as well as the productive support that is required to assist with the projects of the emerging farmers, a literature study has been conducted in order to make them more effective and sustainable. Secondary sources of information used for the study included textbooks, journals, periodicals, previous studies and internet.

Primary Sources: Data was gathered by means of six, one on one interviews, conducted with emerging farmers who were randomly selected from three provinces. The data was organized into themes and sub- themes, which were then analyzed by the researcher.

1.7 Organization of study

The study is organized into 5 chapters and these chapters are as follows:

- The introduction of the study;
- The literature review where the current literature has been tabled and reviewed and the gaps have been identified. This chapter provides the overview of the emerging farmers; the definition of emerging farmers, the criteria used to classify emerging farmers and how do they contribute to poverty alleviation, creation of employment as well as to the GDP of the country.
- The research design. This chapter provides the review of the methodology of the research conducted with particular focus on the research questionnaire.
- Encompasses data analysis and interpretation of the empirical study.
- The conclusion, where the study is summarized and concluding remarks made. The recommendations and questions raised by the research are addressed in this chapter.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

Emerging farmers are those who were previously excluded from mainstream agriculture based on their skin colour, and who are now accessing resources and farming for the market. These farmers are dependent on agricultural loans for development, and it is difficult for them to repay the loans which increases the default rate (Makhura; Mda; Marais & Jacobs. 2011:1).

The Eastern Cape Province is one of the provinces with the highest levels of food insecurity, with approximately 78 percent of households categorized as being food insecure. This percentage is much higher than the national average of 64 percent as far as estimates are concerned. The estimation according to households per district municipalities, indicates that Alfred Nzo has the highest level of households with food insecurity, estimated at 86 percent, followed by Chris Hani District Municipality with 83 percent; the O.R. Tambo District Municipality with 81 percent; NMBM with 71 percent and the Cacadu District Municipality with 66 percent. (Department of Economic Development; Environmental Affairs and Tourism 2013:34). The estimates therefore indicate that there is a problem as far as food security is concerned. This calls for the development institutions, in collaboration with the department of Rural Development and Agrarian reforms, to be encouraged to come up with strategies to improve food security programs. This could be accomplished by empowering emerging farmers who practice subsistence farming to commercialize their projects.

The ECRDA, a parastatal of the DRDAR is the public entity which has been established, as a result of the challenges faced by the previously disadvantaged, black, emerging farmers in the rural communities of the Eastern Cape Province. The ECRDA has many facets as the name implies, and its mandate is, among others, to create an environment conducive for the agricultural enterprises to function properly in rural areas, because, among the challenges that emerging farmers are faced with, is capital to finance their projects, infrastructure such as fencing, access roads, and, agro-processing infrastructure such as storage and mills. These are significant factors contributing to the failure of many agricultural projects, even before they get off the ground (ECRDA Annual Report 2013-2014: 27). To address this problem, the ECRDA has established rural finance, and Rural Enterprise Development Hubs (RED Hubs) across the province. These

are centres where crops are grown by farmers in partnership with the organization, are processed and the secondary products then sold. The RED Hubs are centres of convenience for the emerging farmers, as they will no longer need to transport their products to distant market places, as the buyers and sellers will meet at these centres.

2.2 Challenges facing Microfinance Institutions in South Africa

A number of challenges have been identified regarding the operations of microfinance institutions in South Africa. This is due to the structure of the economy of the country which depicts the characteristics of first and third world economies, the regulations and frameworks around the concept, as well as social history which is manifested as the inequality gaps evident in the population of the country. Among the challenges that have been identified, the following are included:

2.2.1 Economic Dualism

Microfinance institutions are attracting highly skilled labour from first world economies e.g. loan officers, and this labour requires high salaries. By contrast, the clients that are attracted by these institutions, come from third world economies with small loan sizes. This means the revenue generated from these loans is low, and the cost of operating such institutions is high, so the institutions are facing a salary burden (Gantz 2011: 27).

Gantz (2011:27) explains the salary burden using the Operational Self-Sufficiency (OSS), “generating enough operating revenue to cover operating expenses, financing costs and the provision for loan losses.” This indicates whether the microfinance institution is generating enough revenue to cover direct costs, excluding the adjusted cost of capital, but including any financial cost incurred.

Financial Self-Sufficiency (FSS) indicates whether, or not, the Microfinance institution generates enough income to cover direct costs and indirect costs.

The two equations below qualify the concepts:

$$OSS = \frac{\textit{Operating Income}}{\textit{Operational Expenses} + \textit{Financing Costs} + \textit{Provision for Loan Losses}}$$

$$FSS = \frac{\textit{Operating Income}}{\textit{Operational Expenses} + \textit{Financing Cost} + \textit{Provision for Loan Losses} + \textit{Cost of Capital}}$$

2.2.2 Formal Competition

Microfinance Institutions face competition from the huge commercial banks with their range of products offered. These competitor institutions are well established, and have more sophisticated systems which are efficient and effective compared to those of the microfinance institutions. They are more visible as they open branches in every small town, in order to be accessible to all target markets (Gantz 2011: 28).

2.2.3 Informal Competition

Microfinance institutions also face competition from informal financiers such as stokvels (informal organisations that pool and take turns of payment) and mashonisas (loan sharks) These financiers are convenient and offer finance quicker than the regulated, microfinance institutions (Gantz 2011: 28).

2.2.4 Formal Market employment

People that are highly skilled pursue entrepreneurship whilst they are unemployed in the formal sector, but once they get employed, they shift from that, and then the less skilled, unemployable, become the real clients of the microfinance institutions (Gantz 2011: 28).

2.2.5 Cost of Regulation

South Africa's regulatory systems impose high compliance costs on the MFIs. These costs also increase the operation costs of the MFIs (Gantz 2011: 28).

2.2.6 Lack of Savings

Emerging farmers still need to be aware in terms of saving the money they make in these agricultural projects. Agricultural credit policies can only be successful if they lead to increased overall production and income. If the emerging farmers depend solely on borrowing in order to finance their projects, and not their savings, the projects are bound to fail, and the default rate is going to increase. Credit institutions that are financing these projects are also bound to fail if they are wholly dependent on government funding. It is the role of financial institutions to not only lend money, but also to provide deposit facilities and encourage savings. Credit institutions that do not provide a deposit facility are incomplete, and are prone to a high default rate (Adams & Vogel 1986).

Borrowers that have savings with the same institution are more likely to make the repayments because they know that if they default, their deposits could be taken against their loans. Secondly, the institutions that mobilize savings are more likely to be consistent in lending because of the constant flow of funds, whereas those dependent on government funds sometimes have inconsistencies (Adams and Vogels 1986).

2.3 Elements contributing to failure of emerging farmers

Emerging Farmers, from rural areas, are regarded as the riskiest by credit institutions - they even refer to them as the "unbankable" sector. They carry a high risk and among the risks, are the following:

- They have no collateral to offer the financial institutions when they apply for loans.

- They have no income since they are unemployed in the formal sector, and they are usually active only in informal, economic activities.

They start their informal businesses by raising their own capital; joining stokvels, or, by borrowing capital from their family and friends. This manner of raising capital makes it difficult for a business to become established. Also, they do not have a market for their produce (Mutezo 2005:29).

Resource constraints are the significant contributing factors to the failure of many projects by black emerging farmers. Natural disasters like floods, droughts and hurricanes are also factors contributing to the failure of agricultural projects (Land Bank Report 2011:7). The following are elements that are contributing to the failure of the projects owned by the emerging farmers:

2.3.1 Land Constraint

Black, emerging farmers in rural areas have the constraint of land shortage due to a range of apartheid regime, discriminatory policies. Since 1913, when the Native Land act was passed, black farmers were confined to farm on 8 per cent of the total available farming land. This was done deliberately so as to eliminate competition for white farmers, and also, to provide cheap labour. Hence the master servant Act of 1911 and 1932, which stipulated that a servant be loyal to the master and not break the contract. Black farmers were also prohibited from acquiring farming land outside the homelands, so as to eliminate competition with white farmers (Moseley 2007: 4).

These policies crippled the capacity of black farmers to such an extent that they resorted to practicing subsistence farming for household consumption, and white farmers dominated the commercial farming industry (Moseley 2007:4).

Although South Africa embarked on land reform process after 1994, in an attempt to give back the land to previously disadvantaged people, it had insignificant success, as approximately only 4% of white owned land was transferred back to black farmers by 2006. This was far below the target of 30% planed in 1999 (Moseley 2007:4).

Moseley (2007) stated the factors that contributed to the ineffectiveness of the process as being the complex bureaucratic system of application processes; the resistance from white farmers; the lack of political will by the government; and the inflation of farm prices which exceeded market value;

2.3.2 Skills Constraint

Emerging farmers lack farming skills due to low levels of education and a lack of training in agricultural projects, as well as expertise in agricultural production. This is due to the historical background of the people of the Eastern Cape, who were previously disadvantaged, and deliberately denied opportunities of education.

They also lack technical, business and management skills that are required to be successful. Many have never been in a business environment, nor have they ever been exposed to the technicalities of business, and just got into these ventures due to a lack of jobs (Department of Economic and Environmental Affairs 2009: 19).

Von Broembsen, et al (2005:41) stated that the South African schooling system neglected the importance of entrepreneurship, and failed to provide learners with the fundamental information and expertise necessary to start a business.

According to Foxcroft et al. (2002:48), many schools do not have the necessary teaching materials, and teachers lack knowledge and skills to educate entrepreneurship to its optimum level. Entrepreneurship is not taught at schools, colleges and universities. ; Some tertiary institutions, however, have started to focus more on entrepreneurship (Foxcroft et al. 2002:48).

2.3.3 Market Constraints

This is another element that hinders the progress of emerging farmers in the developing world. Globalization, which opened up global markets for competition, has eroded the competitive advantage of the businesses of emerging farmers. This was due to the abolition of the National Marketing Act in 1996. This brought about a change in production, marketing and pricing systems for agricultural products (Makhura *et al.*, 2011:5). They cannot compete with multinational firms that supply local businesses with agricultural produce, because they use cheap labour and advanced technology. The cheaper and the more effective method of production would therefore translate to cheaper prices. The multinationals enjoy the economies of scale due to mass production, using advanced technology and easier access to capital. The advanced technologies that they use, enable

those countries from the developed world, to ship their produce cheaply to South Africa (Gauteng Rural Development Strategy 2004-2009 2010:14).

Emerging farmers have little bargaining power in buying their input and marketing their products because they buy small quantities, and, cannot therefore get the discounts associated with quantities (Makhura *etal*, 2011:5).

It is extremely difficult for emerging farmers to secure contracts as they face the challenge that commercial agricultural food chains require a consistent supply of good quality products. Their inability to achieve this is due to a lack of capital as well as land constraints (Jordaan; Grove & Backeberg 2014).

Consumers are particular and demanding in terms of food quality and food safety. They buy food in certain retail shops like Woolworths, and this retail shop chooses suppliers carefully. They look for products with high standards, and with safety being the priority. The prioritization of standard goes along with the lifestyle led by affluent people. This further diminishes the potential share of the market that emerging farmers have (Huang & Reardon 2008).

2.3.4 Support system

Support is required to help the agricultural business sector become more effective and productive. Policy stability, access to finance, education and training, and the promotion of agricultural SMMEs in the public service are identified as areas that should be prioritized for government intervention (Lewis 2001:30). Access to funding and training are key factors that need to be addressed in order to realize the objective of lowering unemployment, and improving the status of the economy (Lewis 2001: vii).

The South African government developed programs that were intended to assist back emerging farmers to commercialize. From 1994, programs such as the Broadening of Access to Agricultural Thrust (BATAT) and the Comprehensive Agricultural Support Program (CASP), were developed, and were intended to shift the focus from agriculture practiced by white farmers, and to focus on black farmers, identify development priorities and strategies, and to improve their access to agriculture. The programs were meant to improve the support given to black farmers, and to promote and facilitate agricultural development. These programs were especially targeting the

beneficiaries of Land Reform and Agrarian Reform programs. These programs were never successful, however, in achieving their desired goals (Vink; van Rooyen & Karaan).

In the case study conducted in the Limpopo Provinces, the problem of extension service was identified as the major problem which had resulted in the failure of agricultural projects. Projects that had been organized by communities funded by the Department of Social Development. This was proven to be due to lack of proper planning and implementation by the farmers (Kwaw 2006:57). Farmers need assistance from planning through to implementation of their projects. Assistance from the extension officers who have expertise in the field, and hence the reason that the department of agriculture is sending them into the communities. Hart and others also confirm that the management of projects, from its inception to the end, is vital for the success of the project. Extension services, if correctly implemented, according to Participatory Project Management Cycle (PPMC), could save the projects from major pitfalls that can occur (Hart; Burgess; Beukes & Hart 2005:104).

According to Hart and others, the two factors which contribute the most to the failure of projects are:

- 1) The ineffective application of project management principles by extension officers who are in the positions of project managers, and those tasked with leadership - e.g. the chairpersons of the community groups of farmers.
- 2) The lack of significant encouragement to participate as shown to those involved in projects (Hart *et al* 2005:107).

Hart et al (2005) discussed the Participatory Project Management Cycle (PPMC) and asserted that it is an eight phase cycle which includes: dreams and Ideas; Identification/ Conceptualization; Appraisal/ Diagnosis; Options analysis; Project Design and Planning. The diagram below illustrates clearly the phases of the PPMC

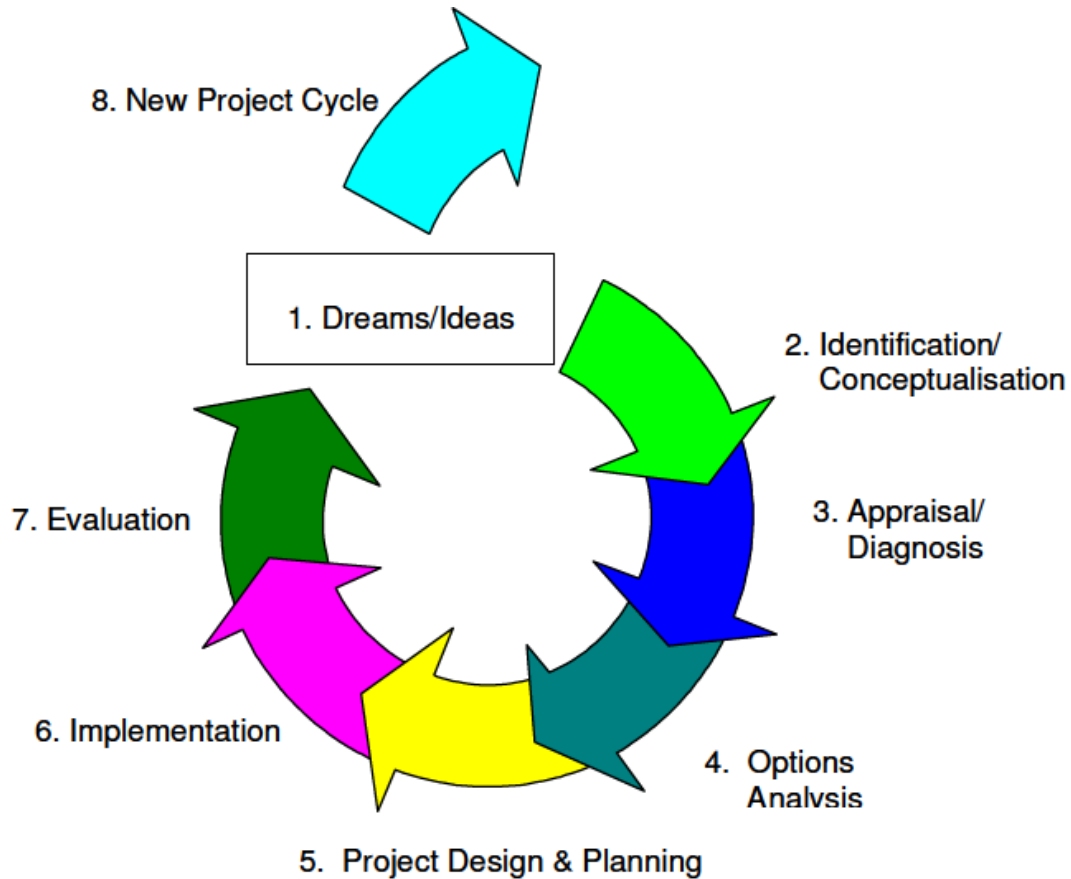


Figure 1: the Participatory Project Management Cycle: source: Hart *et al* (2005)

There are no mentoring services rendered to these individual emerging farmers, hence the poor productivity which leads to the nonpayment of ECRDA loans. According to Murray (1991: 5) 'Mentoring is a structure and series of processes designed to change behavior into desired behavior of those involved, and evaluate the results for the protégés, to create effective mentoring relationships, guide mentors and the organization with the primary purpose of systematically developing the skills and leadership abilities of the less experienced members of the organization'. Mentoring is also the duty of the extension officers, whereby the mentors help the farmers to manage their projects effectively and efficiently, to conduct proper planning of their projects, to draw production plans and budget enterprises, and to give advice about management of the diseases that might affect the enterprise negatively. Mentor management principles are proven to be effective and fundamental to the success of the projects. In a study conducted with the Elundini

program, which included small scale livestock farmers, the data was analyzed and the impact of the project on farmers, as well as on the economy, was evaluated and the findings documented. The mortality rate of livestock declined from approximately 20 percent to 3 percent; the farmers' annual income increased from R650.00 to R20, 956.00 and the annual net gain to the regional economy was greater than R 56 million (Jordaan 2012: 48).

According to Njezewa & Seethal (2014:2), there were budgetary constraints which emanated from the introduction of the Growth, Employment and Redistribution (GEAR) policy of 1996. This constraint caused the South African National Department of Agriculture to stop supplying chemicals for dipping, as well as vaccination of livestock. The GEAR policy was a structural adjustment program which advocated amongst others; privatization, subsidy removal, encouragement of black entrepreneurs as well as downsizing of the public sector. As a result of this structural adjustment program, the budget of the Department of Agriculture was reduced, and the veterinary services were affected negatively as there were no chemicals to supply communal farmers.

2.3.5 Capital Constraint

The era before 1994 saw white farmers enjoying the privileges of being funded by the government, and they were also encouraged to practice commercial farming. This category of farmers was financed by commercial banks, the Land Bank and Agricultural Credit Board (ACB). The Land Bank and Agricultural Credit Board were catering for farmers who were having problems getting funds from commercial banks. Their loan terms ranged from short to long term, thus enabling farmers to be able to establish themselves without experiencing the pressure of loan repayments. Large sums of money were injected into this agricultural sector which was made up of only white farmers. In the same vein, black farmers who resided in the homelands, were financed by the Department of Development Trust, and were later financed by the Development bank of Southern Africa through Development Corporations. The black farmers were encouraged to form groups, or cooperatives, in order to be funded while the white farmers were funded as individuals (Makhura 2008:4).

This approach on its own could pose a threat to the sustainability of the projects and loan repayments, as the interviewees confirmed in this study. In most cases, the groups that are formed with the intention of getting funds, are seldom coherent since they are formed under duress. These groups are only formed for the particular purpose of meeting the requirement of the creditor; the group members do not know each other's conduct and behavior; members income levels are not the same, nor the economic status; they might not come from the same village, as some members of the community are not interested in farming; they might form a group only because they anticipate this to be the quickest solution to their life long poverty (Kwaw 2006:67).

2.3.6 Lack of Infrastructure

Emerging farmers incur high transaction costs which can partly be attributed to lack of infrastructure such as access roads, telecommunication, electricity and irrigation infrastructure (Machete 2004). It is also stated in the studies by (Makhura & Mokoena, 2003; Nieuwoudt & Groenewald, 2003), that poor access to infrastructure like roads, high transport costs, distant markets does contribute to high transaction costs, and thus loss of profit for farmers.

CHAPTER 3: RESEARCH DESIGN

3.1 INTRODUCTION

This chapter is about how the research was designed, the methodology that was to be used, as well as the data collection tool.

3.1.1 Research Design

According to Terre Blance (2006:34), research design is a “strategic framework for action that serves between research questions and execution of the research. It may be viewed as a process consisting of five stages:

- Defining the research questions
- The research
- Data collection
- Data analysis
- Writing a research report”

The chapter has provided a precise plan of the research, and, explains the methods that were to be used in order to execute the research as well as the techniques used to get the information from the subjects.

3.1.2 Types of research

Three types of research have been explained in this chapter and these are exploratory research, descriptive research and explanatory research.

- Exploratory research is the type used to make initial investigations into relatively unknown studies. This type engages an open, flexible and inductive approach, since it attempts to find new insights in certain phenomena (Terre Blanche *et al* 2006:44).

- Descriptive research aims to describe phenomena through the use of narrative type description, classification and measuring relationships. Terre Blanche et al. (2006:44).
- Explanatory research is used to explain some phenomena that are not clear.

3.1.3 Interview results

In order to answer the research question, it is imperative to have the communication regarding the research, and get it analyzed and interpreted. This is qualitative research where case study has been used and the content analysis done. In this study, members of the cooperatives; members of the groups, individual farmers have been interviewed, According to Bless & Smith (2000), the most effective data collection tool is an interviewer- administered interview, as it keeps the omission of difficult question to the minimum, and it also decreases the chances of word or question misinterpretation, and/or even misunderstanding, by respondents. It is also important to use this tool, as some of the respondents are illiterate farmers. The interviewer also probes by asking follow up questions, so as to extract relevant data from the respondents, and to improve the quality of their responses.

The data will include demographics (like sex, age, highest level of education, family size, family lifestyle, level of income); factors of production (like land, labour, capital and human capital); the infrastructure development (like roads, communication and storage facilities); availability of transport and market for their products.

3.1.4 Qualitative Content Analysis

This study has been interpreted using qualitative content analysis where the results of the interviews were transcribed and coded, and the communication, therefore, is interpreted using the identified themes and subthemes.

The qualitative content analysis, consists of methods of text analysis which entail transcription of the interview into a verbatim text, which is then coded into themes and sub- themes. The aim of this technique is to preserve the advantages of quantitative content analysis as developed within communication science, and to transfer and further develop them to qualitative-interpretative steps of analysis (Mayring 2014:104).

The object of qualitative content analysis is to analyze recorded communication which is normally tape recorded, transcripts of interviews, and reach a conclusion which is then substantiated by the work of other authors. Content analysis embeds the text into a model of communication within which it defines the aims of analysis. It is the use of replicable and valid methods for making specific inferences from text to other states, or properties of its source" (Krippendorff 1969:103).

Qualitative content analysis defines itself within this framework as an approach to empirical, methodological controlled analysis of texts within their context of communication, following content analytical rules and step by step models, without rash quantification.

3.1.5 Data collection procedure

This section discusses the data collection tool that has been employed as well as the procedures used. The main tool used is the interview. Interviews have been carried out by the interviewer using questions that have been developed by the researcher, mainly aligned to the objectives of the study, for gathering primary data. Two farmers from each of the three districts; Chris Hani, O.R. Tambo and Alfred Nzo were the respondents in these interviews.

The purpose of the study has been explained to the farmers as well as the objectives of the study who voluntarily agreed to participate.

CHAPTER 4: ANALYSIS

4.1 INTRODUCTION

This chapter is about analyzing and interpreting the data that was collected using the data collection tool that was developed in Chapter 3. Throughout data gathering, in-depth face-to-face interviews were used, whereby the participants were given a chance to express their feelings so as to answer the research questions. The respondents came from three district Municipalities of the Eastern Cape Province; two from Alfred Nzo District municipality, two from Chris Hani District Municipality and the other two from Amathole District Municipality

In conducting this study the data is categorized into key themes that have arose during the dialogues. Themes have to be completed through presentation confirmation to support these themes, by quoting what the participants said and would ultimately be connected to the literature. Six in-depth interviews were piloted with six dissimilar participants from three district municipalities of the Eastern Cape. The participants were the farmers who had been funded by the Eastern Cape Rural Development Agency (ECRDA). Those farmers experienced challenges of running the projects and having an obligation to pay back the loan in a very short space of time.

The objective of the research was to investigate the challenges facing the farmers that are funded by the Eastern Cape Rural Development Agency. The focus was on the farmers who are unable to meet their obligations with ECRDA and whose projects have failed. The research focused on finding the reasons behind the high arrear rate experienced by the ECRDA. There are eight themes that emerged during the interviews with the four participants.

- The first theme was the lack of infrastructure make a conducive farming environment.
- The second was the insufficient service from ECRDA officers, as well as those from the department of agriculture.
- The third theme that emerged was the availability of farming land from which the clients plough, and also use as a grazing land for their livestock.
- The fourth one focuses on the access to capital, and the challenges that are encountered when applying for loan at ECRDA.

- The fifth theme is the concern about the safety of the maize they plant, not only from the unattended livestock, but as well as thieves, when the maize is ready.
- The sixth theme is the availability of market, where the farmers are able to sell their produce when it is ready.
- The seventh theme was skills development, and whether farmers are trained in order to be effective and efficient farmers.
- The last theme focuses on loan repayment, how the farmers repay the loan from the ECRDA.

4.2 ANALYSIS

Six interviews were conducted with different respondents, some were planting maize and some were farming with livestock. The common factor among them was that their enterprises were financed by ECRDA. The data was transcribed from its primary source and the verbatim text was created and coded. About eight themes, as well as codes, were identified from the data that was collected. The analysis of the themes is presented below as part of the study.

4.2.1 Infrastructure

The respondents complained about the lack of infrastructure such as irrigation equipment as in pumps and generators to draw water from the streams. This poses problems, as other areas of the province are dry and have low rainfall. Some complained that the irrigation apparatus is complicated for them as it is quoted *“It would be of great value if ECRDA officers could provide farmers with advice, Certain infrastructures such as water pumps and pipelines and sprinklers are more difficult to understand”* they need someone with expertise to work with them. The yield is badly affected because maize needs a lot of water to grow, the nutrients in the soil need water to dissolve and be ready to be absorbed by the roots.

Livestock farmers complained about not having effective dipping tanks as no vaccination or chemicals are provided by the government since the new administration of 1994, hence it is quoted

“Dipping tanks are there but useless without chemicals we no longer send livestock for dip there are no officers and no dip and vaccine”. Another respondent id quoted *“like the dipping tank does not work well like before where we used to depend on vet officials for livestock health, now everything should come from our pockets”.*

They also complained that they have neither access roads nor transport in order to transport the produce when it is ready for sale. Another respondent is quoted *“well as for the roads., they are not good here, that is the challenge we are facing when we taking products to the markets”.*

Fencing also poses a challenge to these farmers. They complained that their livestock go into the maize fields and onto the roads, because they are not fenced. Fencing that was put up by the government is stolen by the community. Livestock get killed by cars on the roads and get detained in the fields. This is the quote that substantiate the assertion: *“there’s no fence, people still fence and go and fence their homesteads, our sheep go to fields and get knocked down by cars in the roads...”*

4.2.2 Extension Service

The farmers confirmed that they do get extension services from the DRDAR, that the extension officers are diligent and that they do visit the farmers when they need them. The challenge, however, is that the extension officers are thinly spread over large areas, so it is very difficult for them to reach areas of need. This lack of extension services is confirmed to be the main reason why most agricultural projects established by organized communities, fail. One of the respondents is quoted, *“But because the extension officers have big areas to cover they take time to come to us”.* Another one is quoted when asked how often they meet with extension officers in a week, *“Not often, because each officer is responsible for a ward with a number of villages.”*

Some respondents seemed not to experience a problem with extension officers and claim that they are available when their services are needed. One respondent is quoted, *“He visits our project when we ask him to come when we have a problem”*

When the livestock farmers were interviewed, they complained about the unavailability of veterinary services, such as effective medication for animals. They confirmed that the medicines given by veterinary officials are not good, as they are not performing the function they are intended to.

4.2.3 Access to farming land

The interviewed farmers seemed to not have much problem with the farming land. They either use communal land available for ploughing, or for grazing their livestock. The fields that used to be ploughed by the whole community, are now lying unattended because most people in the villages are not interested in working in the fields, so they give their land to those who want to use it, and they then depend on social grants for an income. Even those who want to work the fields are intimidated by thieves and the lack of a market.

They all confirmed that there is sufficient land for farming, but they cannot use all the land due to lack of capital, and the following quote validates the statement “...*there is a lot of land that I can use if I had capital...* “. The farmers, however, need fencing to divide camps in order to keep enough grazing land in dry seasons. Crop farmers have enough land, but they complain that their fields are far apart, and that those fields close to ECRDA farmer clients, are not used by their owners, and they are not willing to give to others. This increases fuel expenses when the contractors are working the fields; this quote bears reference “...*these fields are scattered all over the place... difficult for the contractor to prepare land, they use much fuel....*”

4.2.4 Access to capital

Lack of capital has been confirmed to be a constraint that poses a challenge for the farmers who are willing to take farming to new heights. *One of the respondents is quoted, “...ECRDA needs security when you apply for a loan of more than R30, 000.00.* The other responded is quoted “...*that part that requires security is totally unacceptable...*”

Another respondent is quoted, *“ECRDA policies are very inconvenient in terms of funds. They require a lot of documentWaiting period is very challenging to the farmers”*

Apparently the lead time at ECRDA is very long, and, as a result, four of the respondents complained vocally about the time taken to approve loan applications at ECRDA. They complain that they do not plough in time due to the delay in loan applications. They have a problem with the tractors they hire, that the service providers wait for an order from ECRDA before they go and work in the fields, and that the order only comes out after the loan has been approved. Suppliers need payment upfront before they go and work, and this practice contradicts with the supply chain policy, which requires an invoice before the payment is effected.

4.2.5 Safety of crop from animals and thieves

Some respondents indicated that their fields are not fenced and are prone to theft by community members, and that they are also exposed to stray animals. One of the respondents is quoted *“Cattle destroy our fields because the fields are not fenced.”* This is an issue that they identified as to be lowering their profits, and subsequently leading to their inability to repay the loan they had made to start the project. The projected yield that they estimate at the beginning of the project, is always higher than the actual yield because of these factors. This also contributes to project failure and the inability to attain sustainability because of the destruction of their crops. They complain that it is difficult to get their fields fenced due to the loan limit of R30 000 limit they are eligible to be granted at ECRDA if one is unable to provide collateral. The following quote bears reference *“Because they ask for security if the loan is above 30000”*. They feel constrained by the limited capital and feel that they cannot produce to their optimum potential if the limit is still this low. The groups of 10 people also get the same amount which is equal to R3000 per person, and, given the fact that prices are going up yearly, it is very difficult to buy all the necessary production inputs with that amount.

4.2.6 Market

The respondents complained about the unavailability of a formal market for their products. They confirmed that they produce mainly for household consumption and that they sell the surplus to

the community, as they have nowhere else to send their produce. They complain that the ECRDA is not doing anything to find a market for the clients. One of the respondents is quoted “*We thought ECRDA would find market for us so that we pay back the loan, it is not the case.*” Due the unavailability of a market, it is very difficult for farmers to pay back ECRDA loans, as they have no other income to fall back on when their product is not sold profitably. Farmers at Alfred Nzo, however, confirmed that they have access to the maize market at Harding. Availability of the market is an assurance that the loans would be repaid and sustainability of the projects could be achieved, the following quote bears the reference “*I have a market in Harding; they need a lot of maize there for animal feed, so I am covered when it comes to market... I will get some income since I will take all my maize to Harding and I will be able to pay back ECRDA and put my surplus to the bank for the next season*”

4.2.7 Skills development

Farmers interviewed, complained that they were neither sent for training, nor workshops, which would help them manage their enterprises better. They attribute most of the failed projects to ignorance and mismanagement. These quotes bear reference, “*I would welcome any kind of course or training pertaining to financial management. I believe that I can improve the performance of my project with knowledge I can get*” (Interview no1).” *I want training on how to manage my business, even to take care of my livestock. I believe I can make a difference*”.

1993). Sinxoto (2007:38) further states that the majority of SMMEs are not successful due to insufficient knowledge of finance, and inexperience in marketing and human resource management.

4.2.8 Loan repayment

The respondents confirmed that repayments are unforeseeable given the fact that they have no formal market to send the produce to. They are complaining about ECRDA not securing formal markets for them in order to ensure that the loans are serviced as planned.; it is quoted,” *We thought*

ECRDA would find market for us so that we pay back the loan, it is not the case,". Another respondent is quoted *"...but now I decided to sort my wool after shearing and wait until I get a market so that I can afford to pay back the loan from ECRDA"*. However they are putting some money down towards their accounts using social grants while waiting to sell their produce.

However one of the respondents seemed not to have market problem, he secured a maize market and is producing entirely for the market, and he is quoted *"I have a market in Harding; they need a lot of maize there for animal feed, so I am covered when it comes to market... I will get some income since I will take all my maize to Harding and I will be able to pay back ECRDA and put my surplus to the bank for the next season"* (Interview no 2). This means that with markets, the clients are willing and could be able to pay the loan willingly and if the farmers can all have markets they can reinvest the surplus and not need the loan for seasons to come.

Another challenge that group leaders are facing, is that some of their group members are of the opinion that the loans they get from ECRDA are not supposed to be paid back, as they are grants from the government. This attitude can be attributed to the culture of dependency created by the governments, who, by giving free houses and grants to citizens of the country, especially the child support grant that is given to anyone who has a child, irrespective of age and marital status, that loans from the ECRDA too, are free and gratis. The fact that it is easy to get a social grant and other "freebees," creates a moral hazard for citizens so that, this 'grant,' given by the ECRDA, is deemed to be no different. The department of Social development, as well as Department of Rural Development and Agrarian Reform, also compete with the ECRDA, giving grants to the same farmers that are clients of the ECRDA, and thereby create confusion amongst ignorant farmers.

Another detrimental challenge that is affecting the repayments of the ECRDA agricultural loans, is the manner in which the groups are formed. The respondents confirmed that the groups are not coherent as they are formed randomly, solely for the purpose of getting a loan from ECRDA. The respondents are a quoted *"we were just grouping ourselves to form groups of ten as ECRDA required. We don't really know each other except that we are coming from the same village"*. *"People do not want to work the fields, so there are no coherent groups, we group each other according to the availability of people, not because we trust each other"*.

Group members do not all share the same sentiment about projects, and some simply join the groups because they saw others harvesting in the previous season, and now felt they should also take part. The groups do not know each other's behavior in managing their accounts. Some members adopt the attitude that they have nothing to lose if their names are listed in credit bureaus for not servicing their debt, as they fall into the “unbankable sector” that would not get any credit anyway.

4.3 CONCLUSION

The data has been gathered through in-depth interviews with six respondents from three different district municipalities. The data has been analyzed and approximately eight themes emerged from the data. These themes were:

- Infrastructure;
- Extension Service;
- Access to farming land;
- Access to capital, Safety of crop from animals and thieves;
- Market;
- Skills development and
- Loan repayment

CHAPTER 5: SUMMARY AND CONCLUSION

5.1 SUMMARY AND CONCLUSION

The ECRDA was formed as a result of the merger between two companies, the Eastern Cape Rural Finance Corporation (ECRFC) and the Accelerated Shared Growth Initiative of South Africa Eastern Cape (ASGISA EC). Its core business is developing rural areas by supporting rural projects. The financing arm of the ECRDA is concentrating on financing black, emerging farmers of the Eastern Cape. The ECRDA, however, is experiencing challenges in receiving repayment of loans given out to emerging farmers. The repayment rate is low, and the projects financed by those loans are failing.

The objective of the study was to investigate the challenges facing the farmers funded by ECRDA; to identify the support that is required to assist them to become effective and sustainable, and to present recommendations based on the research and analysis.

The Eastern Cape is one of the most populated provinces, and, it is also among the poorest provinces of South Africa. Its economy is largely supported by agricultural activities, and there are vast areas of arable land which could be used for farming. It is very difficult, however, for emerging farmers to access funds to finance their endeavors. Another challenge is the inadequate level of education and training, which is also identified as a constraint in the development of SMMEs in South Africa. Farmers need formal, as well as, informal training, in order to be at par with the modern technologies that are used, so as to enhance productivity, and to be competitive in the industry.

The South African government has laid the ground for SMMEs to develop. This is witnessed by the stance that South Africa took by drafting the White Paper on the “National Strategy on the Development and Promotion of Small Business,” intended to clarify its intention of assisting SMMEs, so that they could overcome the obstacles such as lack of access to finance and training (Chalera 2007:84).

The study has been conducted and the data was collected through one on one interviews with about six farmers (two from each district) who are the clients of ECRDA from three District Municipalities of the Eastern Cape province; Alfred Nzo, Chris Hani Region and OR Tambo. The interviews were transcribed and subsequently eight themes and subthemes were identified. These are the themes that were identified: Infrastructure; Extension services; Access to farming land; Access to capital; Safety of crop from animals and thieves Market; Skills development and Repayments.

Extension services - this is a very important support system that is vital for the sustainability of agricultural projects. Black farmers from rural communities depend on professional help from these structures, and, if these structures are not in place, then there can be no sustainability. Kwaw (2006:57) concurs with the above conclusion in his case study at Limpopo, where a group of emerging farmers in rural areas, funded by the Department of Social Department, failed, due to the lack of support from the extension officers. The extension officers from the Department of Agriculture are thinly spread as they work huge areas with the result that they become unavailable when needed.

Access to farming land – communal farming land is available in rural areas, but it is not fenced, and this becomes a problem, as stray animals destroy the produce in the fields. Most people in rural areas are not interested in farming due to insecure farm lands.

Access to capital – this seems to be a serious problem in South Africa, and has been a predicament for a long time. Despite endeavors by the government to make capital accessible, evident in entities like the ECRDA, Ntinga, Land Bank, Youth Development Trust Fund, and many others, it is still a predicament, especially to previously disadvantaged groups. It was a problem before 1994, as black farmers were discriminated against and white farmers were favoured. Black farmers were always encouraged to group with each other in order to get capital, whereas white farmers were given large sums of money as individuals (Makhura 2008:4).

A conference of the Association of African Agricultural Economists (AAAE) that was held in Ghana in 2007, confirmed that finance is a critical element in agricultural development in Africa, and that there is a lack of dedicated policy objectives, as well as support services, to enhance effective financial intermediation. This shows that, despite the endeavors made by African

countries to provide financial services for agricultural development, capital accessibility for black farmers is still a great challenge (Makhura 2008: 1; Meyer 2012:1; Chisasa 2014:100).

Skills development – emerging farmers are unskilled in rural areas, so it is difficult for them to cope with these agricultural projects on their own. They depend on the extension officers for every aspect of their projects. This fact has also been identified by other authors, that inadequate management, along the lines of limited business knowledge, poor management, inadequate planning and inexperience are other problems that they are facing (Megginson et al. 2006:13; Van Eeden, Viviers & Venter 2003:15; Gaskill, Van Auken & Howard 1993).

Access to markets – it is very difficult to access markets in rural areas, and, again farmers depend on the extension officers to find a market for their produce. Those people would keep their maize and sell to individuals within their communities, which is not a good market, as they sometimes buy on credit and never pay. On the other hand, the sellers are under pressure to distribute their maize due to the lack of proper storage, which results in sales at lower prices. This concurs with the study by Mpandeli & Maponyana (2014:138), who found that where most of the respondents cannot access provincial and national, formal markets, they sell their produce to local markets, and to neighbors and friends.

Another factor that hampers black farmers to access formal markets, is the low quality of the produce, which does not meet the predetermined standards required by formal markets. The low quality problem, is again a result of the lack of mentorship and extension services (Mpandeli et al 2014: 139).

5.2 RECOMMENDATIONS

- ECRDA should reduce the lead time of applications so that farmers can be on time when starting their projects. This will help farmers organise their activities timeously, and therefore enhance the productivity of their projects, and consequently improve their loan repayment rate.

- The ECRDA should consider relaxation of the restrictive measures of financing, such as tangible security, as the clientele it serves, cannot acquire such collateral, by virtue of being rural residents of the Eastern Cape. These farmers come from a historically disadvantaged group who never had opportunities that could enable them to save, or, invest for collateral. . They are categorized as the “unbankable” sector who were never able to have access to commercial banks, and hence the establishment of the ECRDA.
- Extension services are vital for the sustainability of agricultural projects so the ECRDA needs to invest more in extension services. The availability of extension officers could also help to improve repayment rates as farmers would make repayments a priority.
- Loan should not be limited to R30 000 to those without collateral, as this amount only covers agricultural inputs like seeds, fertilizers and pesticides, especially to the group of 10 farmers. The loan should also cater for fencing so as to ensure the safety of their crop from stray animals and thieves.
- The ECRDA should also organize markets for their clients, and income therefrom be used as part of the loan repayment. Developing farmers should not end with indebting the poor farmers; it should go as far as ensuring that the repayments will be possible by marketing their products and improve loan repayments.
- ECRDA should organise training and workshops for its clientele, in order to ensure that farmers have skills, and are competent enough to manage their projects profitably, and so improve their repayment capacity.

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APPENDICES

Interview 1

Researcher: Good morning mam!

Respondent: Morning darling, how are you?

Researcher: I'm doing well madam and how are you?

Respondent: I'm OK sisi

Researcher: My name is Tembisa Ndlazi; I am a student at Nelson Mandela Metropolitan University. I would like to interview you about the agricultural project you are involved in. I hope I won't take much of your time I know you must be busy with your household chores. Thank you for making time for me today?

Respondent: No its fine dear coz I have nothing that needs my attention today, I made time for you as you have requested.

Researcher: Thank you mam, may we start now

Respondent: ok

Researcher: Do you have adequate infrastructure like, soil preparing implements; roads; electricity (Investigate about access to infrastructure)?

Respondent: We have a problem of scarcity of tractors, the same service providers are ploughing almost all 10 villages around, so they need money upfront, since we wait for the loan to approve we are normally the last in the list.

We do not have good roads; it is difficult for us to transport our products. Eh cause we have gravel roads that are rocky. We do not need electricity to run our projects because we do not have irrigation infrastructure in place, and we are cropping in dry land. We depend on rain that is no longer reliable sometimes it comes late in December and by then it already late in terms of the temperatures.

Researcher: Do you have access to extension services?

Respondent: Yes, extension officers are servicing us but not often as we need them, they check the suitability of land for the crops to be planted, advise us about the right planting time and give advices about managing diseases that can attack the plants. He visits our project when we ask him to come when we have a problem. But extension officers are overloaded with many villages they work with maybe one or two wards each, that is a lot of villages.

Researcher: Do you have farming land?

Respondent: Most of us use the fields of our fathers some borrow from others who are not interested in cropping. But the problem is that these fields are scattered all over the place so it is difficult for the contractor to prepare the land, they use much fuel because other people do not want to borrow us their fields that are close to each other though they are not using them. So that uses a lot of fuel for a tractor to travel from one field to another, and it costs us extra money

It is a communal land because we are a collective group of famers, where we are working together

Researcher: How many hectors is your farming land?

Respondent: We plough 1 hector per farmer due to shortage of money. When we need more money ECRDA wants us to provide security so we don't have security in rural areas.

CHALLENGES ENCOUNTERED BY EMERGING FARMERS

Investigate accessibility to capital

Researcher: Are the ECRDA policies convenient to access funds?

Respondent: The ECRDA policies are very inconvenient in terms of funding us as famers, because their process is very long, and they require a lot of documents which sometimes leads to a loss of interest in farming

Researcher: Are you given workshops by ECRDA when you are borrowing funds?

Respondent: Only the borrower education workshop was given to our groups no other workshop. We need finance management workshops as well, we need to be trained on how to save, ja we also need training on cropping, from soil preparation to harvest stage cause the extension officers have lot of work they are not teaching us everything.

Researcher: What is the lead time of the loan application?

Respondent: What is that ke?

Researcher: I mean the time it takes for the application to be approved?

Respondent: Yhooo! it is a problem, I don't know how long does it take. They take a long time to approve, they complain about the system that is not working properly, today it works well tomorrow it is not working it is very stressing. It can take more than 2 months to get the loan approved at ECRDA. By that time there are no tractors; tractors are busy with farmers who have got money. If we can get some other bank that can assist the farmers we would really go for it, it is really a frustration

Researcher: How much do you normally solicit from ECRDA?

Respondent: Because they ask for security if the loan is above 30000, we normally form groups of 10 and apply for that 30000 and it is not enough for all the processes of planting.

Researcher: How big are your groups?

Respondent: As I have already said, we normally form groups of 10 in order to get that 30000 so that we don't need security which we don't have

Researcher: Are you paying back the loan then?

Respondent: we are trying though people are not cooperative

Researcher: which people?

Respondent: the group members, it is difficult for them to pay back the loan, they say they are waiting for the maize to be sold because they do not have any other income.

Researcher: So how many in the group are cooperating?

Respondent: Out of 10, it's only four members that are paying, I am struggling as their chairperson and it worries me because we are going to be taken to lawyers if we do not pay.

Researcher: are they not going to pay after they sold their crop

Respondent: We are not sure about that; they may not sell their crop since everyone in the village have maize. Those that are paying are using their social grant.

Researcher: How did you form your groups, do you know each other's behaviour, in terms of servicing debt, didn't you form the groups with people you trusted and knew their financial capacity?

Respondent: No, we were in a community meeting; we were just grouping ourselves to form groups of ten as ECRDA required. We don't really know each other except that we are coming from the same village.

Researcher: Do they really know that they are expected to pay back the loan?

Respondent: Yes but they do not worry much they say it is government money so they do not care much to pay it back. We are trying to tell them that they are going to be taken to lawyers; they don't really understand the meaning of that.

Researcher: were they not told by ECRDA officials that this is a loan?

Respondent: They told us well, but uneducated people do not see the difference because they treat ECRDA as government and they think it is a grant, since they are used to be given free things by the government.

Researcher: Is your crop secured from animals and thieves?

Respondent: Cattle destroy our fields because the fields are not fenced. U ECRDA does not want to give us fence because they say we can't afford to pay 2 loans, that is fence and inputs, thieves ke, ey it's a problem as well because when the green mealies is ready to be eaten, thieves go and steal because we don't have guards. But we can't help thieves, only the animals can be prevented from getting to the fields, by fencing.

Researcher: Where do you sell your products?

Respondent: Oh! No! we don't have the market at all. We thought ECRDA would find market for us so that we pay back the loan, it is not the case, and they leave us to find our market which is difficult to do. We even approached the coops here in Kokstad, but it is still

Researcher: What training have you undergone?

Respondent: We didn't get training like I have said; only the borrower education was conducted by ECRDA. We would love to get some training especially in cropping and finance.

Researcher: Do you have a mentor?

Respondent: What is that kanene?

I mean someone to give you support in terms of your project, how to manage your project, how to deal with plant diseases

Researcher: How often in a week do you meet with them?

Respondent: Except for the extension officer, we do not have another one

Researcher: How effective is your agricultural project as a source of income?

Respondent: It is not effective because we get income once during the harvest season, and we have the obligation to pay the ECRDA loan, it is even difficult to pay the loans we are in arrears.

Researcher: Oh! Thank you for your time, I think this is the end of the interview

Respondent: Thank you sisi

Themes and Codes

Themes		Codes	
1.	Lack of infrastructure	1.1	Scarcity of tractors, providing service for 10 villages
		1.2	no access roads, it is difficult to transport their produce
		1.3	No irrigation infrastructure, they depend on unreliable rainfall
		1.4	As a result they plough late due to unavailability of tractors and the scarcity of rain.
2.	Extension Services	2.1	The extension services are available and give them advices on disease management.
		2.2	Extension officers are overloaded with many villages
		2.3	They cover wards composed of many villages
3.	Access to farming land	3.1	Land is scattered all over the place, it is a problem for the contractor, uses more fuel and increases the price of mechanization processes
		3.2	Limited to one hector per farmer
4.	Access to capital	4.1	Long lead time of ECRDA, challenge of the system used by ECRDA, loan application taking more than two months.
		4.2	Shortage of capital due to security policy at ECRDA. Security needed when a loan is more than R30, 000.00
		4.3	No workshop other than borrower education is given to farmers

5.	Safety of the crop from animals and thieves	5.1	The fields are not safe from cattle and thieves due to the fact that they are not fenced.
6.	Market	6.1	No market to sell their products
7.	Skills development	7.1	No training except for borrower education. They would like to be trained of finance management and savings.
8.	Loan repayment	8.1	Loan not serviced well
		8.2	The members mistake the loan for a grant
		8.3	Groups formed randomly
		8.4	No group cohesion
		8.5	No income except social grant
		8.6	Lots of people planted maize, competition is high
		8.7	Low level of understanding due to lack of education

Interview 2

Researcher: Good morning Sir!

Respondent: Hellow! Hellow madam, how are you madam?

Researcher: I'm good sir and how are you?

Respondent: I'm alright madam.

Researcher: My name is Tembisa Ndlazi; I am a student at Nelson Mandela Metropolitan University. I am working on a study towards masters qualification. I am doing a research on the challenges encountered by clients of ECRDA.

Respondent: I am Lindile Sango; I am a farmer and a client to ECRDA madam.

Researcher: Thank you Sir, I would like to interview you about the agricultural project you are involved in. I hope I won't take much of your time I know you must be busy with your household chores and I must take this opportunity to thank you for making time for me today?

Respondent: Thank you madam I am happy that you came in time coz I'm going to the fields. We are busy harvesting.

Researcher: Thank you sir, I hope I won't take much of your time.

Respondent: Right

Researcher: What agricultural project are you working on?

Respondent: I am working with maize project as well as livestock like sheep and cattle

Researcher: Are both of the enterprises the proceeds of the ECRDA loans?

Respondent: Yes I first got the loan for sheep and I settled that one and I am paying back the one for maize production.

Researcher: Do you have adequate infrastructure like, soil preparing implements; roads; electricity (Investigate about access to infrastructure)?

Respondent: Yes I have two tractors, a disk and a planter that I bought with my savings, so I work my fields work for other people around

I don't need electricity to run my projects, well ke as for the roads.., they are not good here, that is the challenge we are facing when we taking products to the market.

Researcher: Do you have access to extension services?

Respondent: Yes, we sometimes get visits from the extension officers or sometimes invite them to our meetings as a farmer's association, usually when we have problems in the growing maize in the fields. It is not easy to meet them because they have too many areas to work, so they take time. We wish for more officers to be employed.

Researcher: Do you have farming land?

Respondent: Yes; I am working on my grandfather's fields, ploughing maize and I use the communal grazing land for my sheep and cattle. It is very expensive to own a farm, ECRDA could not finance me. They follow a very long procedure in financing a farm, I ended up losing interest, and their policy is too much when it comes to farm purchase.

Researcher: What is it that they wanted and you could not provide?

Respondent: They wanted all sorts of documents that were required by their policy. They also wanted to make sure that you will afford the instalment. They scrutinize every income you get, they want records of the income that you get.

Researcher: How many hectors is your farming land?

Respondent: My grandfather's land is about ten hectors, but there is a lot of land that I can use if I had capital, but ECRDA needs security when you apply for a loan of more than R30, 000.00, a security of 50%, so the bigger the loan amount the bigger the security.

CHALLENGES ENCOUNTERED BY EMERGING FARMERS

Investigate accessibility to capital

Researcher: Are the ECRDA policies convenient to access funds?

Respondent: other than security, I don't have a problem with their policy, security is the main obstacle if the company is meant for improving lives of rural communities, because the rural people are poor and cannot be able to raise that kind of money.

Researcher: Are you given workshops by ECRDA when you are borrowing funds?

Respondent: No training has been given to me, I am an individual borrower cause I have lots of land and I don't want conflict by getting into a group, but I would welcome any kind of course or training pertaining to financial management. I believe that I can improve the performance of my project with knowledge I can get

Researcher: What is the lead time of the loan application?

Respondent: what do you mean? You mean the period of loan

Researcher: I mean the time it takes for the application to be approved?

Respondent: They took a very long time to approve both of my loans, I went there several times, they told me that the application was referred to higher committee at the head office cause it was above R30, 000.00, meaning they only approve R30000 and less within the office.

Researcher: How much do you normally solicit from ECRDA?

Respondent: Since I have a fixed deposit of R50, 000.00 that I gave as security to ECRDA, I qualify for R100, 000.00 or less according to their policy. So I took a loan of R100, 000.00

Researcher: How many hectors of maize have you planted with that loan?

Respondent: I managed to plant 10 hectares, because the production plan I got from doctor Dar estimated +R 9000.00 per hectare and I used the remaining R10, 000.00 for fuel.

Researcher: Are your products secured from animals and thieves?

Respondent: Yes they are safe because they are well fenced and it can't be easy for stray animals to get there. Well, as for thieves, they can, because there are no guards, but I have not experienced that ever since I worked my fields. I can say the people of this village are decent.

Researcher: Where do you sell your products?

Respondent: I have a market in Harding, they need a lot of maize there for animal feed, so I am covered when it comes to market.

Researcher: What training have you undergone?

Respondent: Except for formal education I got from Fort Hare University, I haven't go to any workshop

Researcher: What is your highest qualification and in which discipline?

Respondent: I completed B Agric at Fort Hare University

Researcher: Have you ever had about borrower education from ECRDA

Respondent: Oh! Jaaa, borrower education... they once invited us at ECRDA for borrower education, it is just a basic briefing about how to conduct your account at ECRDA. There's not much I learnt from that because I know my obligation is to pay back the money I borrowed from ECRDA

Researcher: Do you have a mentor?

Respondent: No I don't have a mentor except for the extension officers from the department.

Researcher: How often in a week do you meet with the extension officers?

Respondent: Not often, because each officer is responsible for a ward with a number of villages. However we do invite them when we need to discuss some issues as a farmers' association here in ward

Researcher: How effective is your agricultural project as a source of income?

Respondent: It is effective because after the harvesting season I will get some income since I will take all my maize to Harding and I will be able to pay back ECRDA and put my surplus to the bank for the next season. I will also keep other bags for consumption and feed my animals.

Researcher: Well thank you very much for your time sir this is the end of our interview.

Respondent: Thank you madam you are welcome.

Themes and Codes

Themes		Codes	
1.	Lack of infrastructure	1.1	Scarcity of tractors, providing service for 10 villages
		1.2	no access roads, it is difficult to transport their produce
		1.3	No irrigation infrastructure, they depend on unreliable rainfall
		1.4	As a result they plough late due to unavailability of tractors and the scarcity of rain.
2.	Extension Services	2.1	The extension services are available and give them advices on disease management
3.	Access to farming land	3.1	Land is scattered all over the place, it is a problem for the contractor, uses more fuel and increases the price of mechanization processes
		3.2	Limited to one hector per farmer
4.	Challenges of getting capital	4.1	Long lead time of ECRDA, challenge of the system used by ECRDA, loan application taking more than two months.
		4.2	Shortage of capital due to security policy at ECRDA. Security needed when a loan is more than R30, 000.00
		4.5	No workshop other than borrower education is given to farmers
5.	Safety of the crop from animals and thieves	5.1	The fields are safe from animals and thieves are not really a problem currently.

6.	Challenge of scarce market	6.1	Market is available for maize in Harding
7.	Training	7.1	Formal education (B Agric)has been attained at Fort Hare University No training except for borrower education.

Interview 3

Researcher: Good Afternoon Sir!

Respondent: Hellow sisi, How are you?

Researcher: I am fine Sir, how are you doing today?

Respondent: I'm doing well mam, thank you for asking.

Researcher: My name is Tembisa Ndlazi; I am a student at Nelson Mandela Metropolitan University. I am doing a research on the challenges encountered by clients of ECRDA.

Respondent: I am Sivuyile Cokotho; I am a farmer and a client to ECRDA madam.

Researcher: Thank you Sir, I would like to interview you about the agricultural project you are involved I as I have requested earlier on.

Respondent: Ohooo! Ok!

Researcher: I hope I won't take much of your time I know you must be busy with your project and stuff.

Respondent: No! No! No! Mam I am not busy today, I have made time for you, so be free to ask as many questions as you wish.

Researcher: Thank you sir, I appreciate that.

Respondent: Ja!

Researcher: What agricultural project are you working on?

Respondent: I am dealing with sheep only that is my main product because I am interested in wool.

Researcher: So which breed are you farming with?

Respondent: Donhe Merino Madam!

Researcher: Why Donhe Merino Sir if I may ask?

Respondent: Because it's a dual purpose breed, I get wool and meat in the same animal

Researcher: Has this sheep enterprise been financed by the ECRDA loans?

Respondent: Yes I got a loan from ECRDA and I bought twenty four ewes and a ram.

Researcher: When was your loan approved?

Respondent: in December 2011 and it was a three year term

Researcher: Have you settled the loan now because the term has already expired?

Respondent: No, Not yet madam, I'm struggling to finish my loan

Researcher: Why? What problems are you experiencing?

Respondent: I ... I have no market to sell wool; I am still looking for a channel to export wool so that I can get a good price for my wool. I first sold my wool to people who were headhunting wool but at a very low price because that was what they were willing to pay, but now I decided to sort my wool after shearing and wait until I get a market so that I can afford to pay back the loan from ECRDA.

Researcher: Are there any other solutions other than selling your wool in order to settle the account?

Respondent: No sir, I am not working so I don't have another income.

Researcher: Do you have hope that you will get a good market

Respondent: I don't have hope but I am trying to contact BKB

Researcher: How is the project doing?

Respondent: my wool is not up to standard and I need advice as to how I can improve it so that I can sell at high price

Researcher: Are the animal technicians not available to give advice?

Respondent: they are there but they give me vaccinations that do not improve the wool. I know the vaccines that I need but I don't have money to buy.

Researcher: Do you have infrastructure like animal handling facilities and dipping tanks

Respondent: yes mam, dipping tanks only, though the dip they use is very weak, it does not remove those ticks as a result the wool is not healthy and the vaccines are not very good. Infact dipping tanks no longer work well as before where we used to depend on vet officers for health of our livestock. We pay now in order to get good services.

Researcher: so what do you do to change the situation?

Respondent: I buy my own chemicals though it is expensive, but because I want good looking sheep at the end of the day, I buy.

Researcher: Are the ECRDA or DRDAR officers helping you with market as well?

Respondent: No! I do that by myself no one is helping me. I asked ECRDA about the market but they did not want to commit themselves and told me it's not in their policy to look for market.

Researcher: Do you have enough grazing land for your animals?

Respondent: Yes; it is the communal grazing land, but it winter it is difficult to feed them because there is not enough grass for the whole community.

Researcher: does the Department of Rural Development and Agrarian Reform offer any assistance in terms of feed during winter times?

Respondent: there is a long list at the department, so it is not easy to get assistance. They follow that long list and this feed seems not enough for all the communities

CHALLENGES ENCOUNTERED BY EMERGING FARMERS

Investigate accessibility to capital

Researcher: Are the ECRDA policies convenient to access funds?

Respondent: I am not sure about the whole policy, but that part that requires security is totally unacceptable because we can't have security if we are not working.

Researcher: yes!

Respondent: Another thing is the time taken for loans to be approved. They took for more than two months to approve my loan. They kept on asking for supporting documents. They are not consistent in terms of the documents they need to approve the loan.

Researcher: How did the delay affect you?

Respondent: I didn't get the sheep from the supplier of my choice because I didn't get the money in time, so when I got to that supplier, sheep were already sold, I went to another supplier and got the sheep that I didn't like in terms of wool they produce.

Researcher: Are you given workshops by ECRDA when you are borrowing funds?

Respondent: Not at all. They simple tell you the terms of the loan and make you sign their loan documents. I want training on how to manage my business, even to take care of my livestock. I believe I can make a difference.

Researcher: What training have you undergone?

Respondent: I never got training. My profession is teaching but I have an insight of agriculture as I did it up to matric level.

Researcher: Have you ever heard about borrower education from ECRDA

Respondent: yes I heard about borrower education but I never attended that, I never got an invite.

Researcher: Do you have a mentor?

Respondent: No I don't have a mentor. We only get advices from vet officials.

Researcher: How often in a week do you meet with the extension officers?

Respondent: Not often, because each officer is responsible for a ward with a number of villages. However we do invite them when we need to discuss some issues as a farmers' association here in ward. ECRDA officers complain that transport costs are escalating; they won't always be available when we need them. They also have overload.

Researcher: Well thank you very much for your time sir this is the end of our interview.

Respondent: Thank you madam you are welcome

Themes and codes

THEMES		CODES	
1.	INFRASTRUCTURE	1.1	Good animal handling infrastructure
		1.2	Less effective chemicals by government
		1.3	Less effective vaccines by government
		1.4	
		1.5	
2	Extension Service	2.1	Service poorly rendered due to overload to extension officers

		2.2	ECRDA officers complain about transport costs
		2.3	Cant visit us often, they have many places to visit
4.	Access to capital	4.1	Security, a problem
		4.2	Lead time long
		4.3	Resulted in not getting the preferred sheep
5.	Market	5.1	No market for wool
		5.2	No assistance given in terms of market
6.	Skills development	6.1	No skills given
		6.2	No thorough borrower education
7.	Loan repayment	7.1	Loan not settled, though term expired
		7.2	No other income other than the one expected from the enterprise

9.	Access to grazing land	9.1	Communal land
		9.2	Scarcity of food in winter
		9.3	Less assistance from government

Interview 4

Researcher: Good morning Sir!

Respondent: Hellow hellow mama, how are you madam?

Researcher: I'm fine sir and how are you?

Respondent: I'm also fine

Researcher: My name is Tembisa Ndlazi; I am a student at Nelson Mandela Metropolitan University. I am working on a study towards masters' qualification. I am doing a research on the challenges encountered by clients of ECRDA.

Respondent: I am Zuko Jama; I am a farmer and a client to ECRDA madam.

Researcher: Thank you Sir, I would like to interview you about the agricultural project you are involved in. I hope I won't take much of your time I know you must be busy with your household chores and I must take this opportunity to thank you for making time for me today?

Respondent: hay No Problem

Researcher: Thank you sir, I hope I won't take much of your time.

Respondent: I' m fine maam.

Researcher: What agricultural project are you working on?

Respondent: I am working with maize project as well as livestock like sheep and cattle

Researcher: Do you have adequate infrastructure like, soil preparing implements; roads; electricity (Investigate about access to infrastructure)

Respondent: What I can say is that infrastructure directly affects us as farmers because we experience extreme problems to basic infrastructure services.

Researcher: Can you please be more specific on that

I mean that we have a problem in terms of access to infrastructure, such as irrigation and transport and road systems, together with markets when the crops are ready, and the unavailability of the ECRDA officers when we need them, seemingly they don't have time for us. It would be of great value if the ECRDA officers could provide the farmers with advice. Certain infrastructures, such as water pumps and pipelining, are more difficult to understand

Researcher: So you mean that the ECRDA officers should provide the farmers with training sessions on that or the mentoring programs.

Oh! Yes it would be a great value madam; we really need a lot of advice, therefore training sessions possibly will make a lot of changes and improvement. Skills shortages lead to inefficient farming enterprise operations.

Researcher: We will work on that as I see that it is troubling the farmers. Do you have farming land?

Yes I have the farming land

Researcher: How many hectares is your farming land?

Its 10 hectares

Researcher: How did you get it?

Since my area is one of the former homeland areas identified for agricultural development by the previous government. Then since 1994 the newly elected democratic government abandoned the agricultural development and the fields were given to people who have interest in commercial farming and we were able to own the farming land.

Researcher: OK

CHALLENGES ENCOUNTERED BY EMERGING FARMERS

Investigate accessibility to capital

Researcher: Are the ECRDA policies convenient to access funds?

Their policies are very inconvenient in terms of funds. They require a lot of documents and their waiting period is very challenging to the farmers. The waiting period is really affecting us as the result we ended up starting on December and the weather conditions affects us really badly.

Researcher: What advice do you suggest that can be done to the ECRDA policies.

I think that the ECRDA policies need to be checked again, and they have to think of the farmers that they need funds; also they have to think of the time and the weather condition as farmers are focusing on raising productivity. Therefore the policy makers need to pay attention on that when considering how best to support commercial production.

Researcher: We will take care of that. Are you given workshops by ECRDA when you are borrowing funds?

Yes but not as we need it as I have said before that the unavailability of ECRDA officers is a very challenging issue. They do not workshop us as we need it because the workshop would at least enable the farmers to manage the loans and repayments and learn how to become better farmers. Also the farmers can gain some few skills through training which can empowers them the effective ways of using of farm resources,

improved methods of applying chemicals and fertilizers, a knowledge of the importance of quality and the demands of market.

Researcher: What other areas would you like to be trained or workshopped on?

Since the farmers are involved in improving and development of the disadvantaged communities through farming, therefore training and skills development on to farm advice and delivery and implementation is needed. Also to be trained on which medicines to be used for killing the weeds to promote growth. We need to be empowered with relevant skills and knowledge on how to interact and operate efficiently in the marketing industry.

Researcher: What is the lead time of the loan application?

You mean the waiting period?

Researcher: Yes, how long does it takes for the approval of your loan application?

It takes a long time and that is killing the farmers because it affects the ploughing time. It takes 2 to 3 months and by that time the stress is killing the farmers.

Researcher: Is there anything you did to change the situation with ECRDA

Oh yes! We tried to speak to the ECRDA officers that they must work on our loan application as soon as possible as to minimise the waiting period. But our suggestions were not taken seriously or into consideration.

Researcher: Oh that's sad. Are there any alternatives to ECRDA

No. It is the only farmers' bank we know; now it seems not to be properly consulting with us so that they know what are our complaints. They charge less interest.

Researcher: How much do you normally apply for from ECRDA?

We apply for R30, 000.00 because we do not have security, just to plough, disc and plant and buy fertiliser, we don't have security to apply for more than that.

Researcher: Is the money sufficient for all the inputs you need for your yield to be good?

The money is not enough, as a result we don't get good yield, but it is security that is a problem. Also it is difficult to pay because we don't have income. We use grant and buy less food. Others don't have grant, they are waiting to sell the maize in order to pay.

Researcher: How big are your groups?

5 to 10 people in a group

Researcher: Are you paying back ECRDA loan now?

We are trying, but we don't have money, members are hard to get now, they don't want to pay, they don't come to meetings. But we hope to get enough money when we sell the maize so that we can pay the money.

Where do you sell your products, do you have formal markets?

We usually sell our products to the nearby people who know us. They use maize to feed livestock. We don't have market to sell in bulk

Researcher: If you do not have market, how is it possible that you will sell and pay the loan?

We just hope for the best because we don't have any other option; we are just taking that chance

Researcher: how do you form your groups, do you group together with people you trust, and people who are dedicated in farming? I just want to know if the group is coherent.

People do not want to work the fields, so there are no coherent groups, we group each other according to the availability of people, not because we trust each other.

Researcher: Are your products secured from animals and thieves?

We do not have enough fence, but government fence is there people are stealing the fence. We need money to continue fencing, so the crops are not safe. Our own livestock destroy our fields.

Researcher: What training have you undergone?

As I have said before, we didn't attend any training about that. We only attend training by the time they were giving us money they called it borrower education.

Researcher: Do you have a mentor?

Yes I have a mentor. My neighbour who use to be a vet officer. He is helping me with advices on how to manage my livestock. In cropping I am alone

Researcher: Oh Ok, he is kind

Themes		Codes	
1.	infrastructure	1.1	Lack of irrigation infrastructure; transport; roads;
		1.2	
2.	Extension Services	2.1	ECRDA and DRDAR officers are not available to assist.
		2.2	Difficult for farmers to do enterprise budget and production plan
3.	Access to farming land	3.1	Farming land is available; communal land and farms given to communities by government
		3.2	
4.	Access to capital	4.1	ECRDA policies are inconvenient
		4.2	Waiting period is long
		4.3	Security limits to loan amount of R30,000.00
		4.4	We can't buy enough inputs
		4.5	Some can't borrow more due to affordability
5.		5.1	

	Saftey of crop from animals and thieves	5.2	Thieves are stealing the fence
		5.3	Farmers try to guard against fence theft
6.	Market	6.1	No formal market
		6.2	Farmers sell to nearby communities
7.	Skills development and mentorship	7.1	No training given by ECRDA
		7.2	Getting advices from the neighbour
		7.3	no mentor
		7.4	
8.	Loan Repayment	8.1	No alternate income,
		8.2	Difficult to pay back loan
		8.3	Groups are not coherent, they don't have interest in farming,
		8.4	They don't have money to pay, waiting to sell maize before they pay.

Interview 5

Researcher: Good morning mam!

Respondent: Morning darling, how are you?

Researcher: I'm doing well madam and how are you?

Respondent: I'm OK sisi

Researcher: My name is Tembisa Ndlazi; I am a student at Nelson Mandela Metropolitan University. I would like to interview you about the agricultural project you are involved in. I hope I won't take much of your time I know you must be busy with your household chores. Thank you for making time for me today?

Respondent: No its fine dear coz I have nothing that needs my attention today, I made time for you as you have requested.

Researcher: Thank you mam, may we start now

Respondent: Ok

Researcher: Do you have adequate infrastructure like, dipping tanks; grazing lands; (Investigate about access to infrastructure)

Respondent: I have a big challenge with that. I face various challenges that obstruct growth and ability to produce effectively. Some of these challenges includes the lack of access to land, poor physical and institutional infrastructure. As a smallholder farmer I am located in rural areas in the former homelands where lack of both physical and institutional infrastructure limits the developments. Lack of access to proper roads, for example, limit the ability of a farmer to transport livestock and also access information. Infrastructure is very poor. Lack of assets, information and access to services hinders productivity.

Researcher: Can you be more specific on that matter

Respondent: Not accessing enough capital is one of the many challenges facing farmers and that is a crucial tool to continuing production, expanding operations, or trying different creativities. I have the problem with fencing the grazing lands, which is an ongoing problem and resulted to the incidences of animals straying onto roads, animal theft and causing damage. The challenge or the lack of the dipping facilities and storage facilities for livestock feed I need a barn. Putting too many animals on too little land causes reduced productivity and can damage the health of the livestock. Also I have the problem of water supply because livestock require water for drinking and also for watering drops necessary for feed.

Researcher: Do you have any suggestions to overcome these challenges

Respondent: Lack of capital has been found to be a serious restriction for smallholder farmers. Therefore an increase of the capital would at least overcome these challenges.

Researcher: That issue will be taken into consideration. Do you have access to extension services?

Respondent: Yes! But not as we need them. They are always busy to come to us

Researcher: What do you mean when saying that?

Respondent: The ECRDA officers do not come as we need them, we are facing with challenges such as limited formal education and literacy levels that can impair our ability to negotiate equitable commercial bonds with suppliers and customers, apply for governmental support programs; register for land rights and partake in other official agreements and entitlements. Also we are not educated with financial and marketing skills and are unable to meet the quality standards for the markets. Lack of production knowledge leads to lower quality in production. Poor technological skills is a serious obstacles in accessing useful information that distribute technological knowledge.

Researcher: Do you have farming land

Respondent: Yes I have my own farming land

Researcher: How many hectars is your farming land?

Respondent: I have 10 hectars but due to the shortage of capital I use only 3 hectars for the grazing lands

Researcher: That's so sad. Do you have spare grazing lands that you use due to the change of seasons or that you use when the livestock finish other grazing lands.

Respondent: Yes communal land is there, but we don't have fence to dived camps for dry seasons. So animals graze without limit and in winter they go hungry because there is no other camp for winter.

CHALLENGES ENCOUNTERED BY EMERGING FARMERS

Investigate accessibility to capital

Researcher: Are the ECRDA policies convenient to access funds?

Respondent: Their policies are not convenient at all. They have the waiting period which is killing the farmers because it affects the livestock and they need a lot of documents and that take a lot of time

Researcher: Is there anything that you can suggest about these policies?

Respondent: My suggestion about this issue are that the policies must be changed because we always vaccinate the livestock late and that it affects the livestock. Also it affects the grazing lands as we plough late.

Researcher: Are you given workshops by ECRDA when you are borrowing funds?

Respondent: Ja! But not much as we need the workshop. They only workshop us during the borrowing time. They call that workshop borrower education, it's not what we need as farmers, we need better education on how to manage our businesses and to make profit.

Researcher: What other areas would you like to be trained or workshopped on?

Respondent: Workshop or training are important elements for sustainable agricultural development. I would like to be trained on how to prevent and vaccinate infectious diseases, improve productivity. To be trained on how to manage capital and repayments because we are facing difficulties of paying the loan. Also some of us allow stock numbers to grow without selling the extra stock because of the lack of knowledge. Many animals increase pressure on the available grazing land. The officials should therefore carefully monitor stock numbers and grazing capacity and also include elements of grazing land management into their training program. Lack of education, information and training is a key limiting element to smallholder development.

Researcher: What is the lead time of the loan application?

Respondent: I don't get you madam, lead time?

Researcher: I mean the time it takes for the application to be approved?

Respondent: Oh ok! It takes 2 to 3 months depending on the availability of the required documents.

Researcher: Is there anything you did to change the situation with ECRDA

Researcher: Oh no I did nothing to change the situation, but I am thinking that they should at least approve the loan application within a month.

Researcher: Are there any alternatives to ECRDA

Respondent: No

Researcher: How much do you normally apply for from ECRDA?

Respondent: 30,000

Researcher: How big are your groups?

Respondent: 10 people mostly

Researcher: How do you form your groups, do you know trust each other?

Respondent: No, there's no trust. We use the interested people because not all people are interested in farming, we form groups because government want to finance people in groups.

Researcher: Are your products secured from animals and thieves?

Respondent: Our products are not safe from the thieves as I already mentioned that we are having fencing problems so it's easier for the thieves to steal our maize as well as our livestock.

Researcher: That's so sad, but you need to come up with the solution to that problem of the thieves.

Where do you sell your products?

Respondent: We sell our product to the nearby markets and to the customers who come to us and need it for some different reasons

Researcher: What training have you undergone?

Respondent: We didn't get any training

Researcher: Do you have a mentor?

Respondent: no we only get help from the extension officers. We would like to have those mentors

Themes and codes

THEMES		CODES	
1.	INFRASTRUCTURE	1.1	Lack of physical infrastructure
		1.2	Poor access roads
		1.3	Lack of water supply
		1.4	Lack of dipping facilities
		1.5	Lack of feed storage facilities
2	Extension Service	2.1	Extension officers have many areas to cover
		2.2	Not available when needed
		2.3	Officers are always busy
4.	Access to capital	4.1	No access to capital
		4.2	Long waiting period
		4.3	Limit the client to working 3 hectors
5.	Market	5.1	
		5.2	No market for products
6.	Skills development	6.1	No skills given
		6.2	No skills on preventing diseases and managing stock and grazing land
7.	Loan repayment	7.1	Sell and pay after sales
		7.2	They use grant to pay
		7.3	The groups are not coherent, formed by available members
		7.4	
8	Access to grazing land	9.1	Communal land
		9.2	lack of fence to divide camps