

Taking emerging commercial farmers seriously - the battle royale of growing food value chains

This year's Africa Brand Summit, which took place between 5-8 October as a hybrid event, saw CEO of Green Terrace, Mbali Nwoko, share her thoughts around food value chains and what key challenges emerging commercial farmers are facing. She focused on whether or not these challenges are unique to South Africa or the African continent as a whole, and what these farmers can do to have their voices heard and taken seriously by policymakers.

 By Robin Fredericks 16 Oct 2020



Mbali Nwoko

One key challenge, said Nwoko, that is faced by emerging farmers in South Africa is the lack of blended finance. "A number of farmers struggle to raise finance on their farms, whether it's on a business or personal capacity, and the reason for this is because a number of financial institutions have rigid financing models and requirements that do not meet the farmers' needs and/ or profiles."

Being a commercial farmer herself, Nwoko attested to how difficult it is to raise finance for her own agribusiness – a business dealing in vegetable farming, comprising high value crops such as baby marrow, green pepper, green bean, and supplies to some leading retailers, food processing companies and the fresh produce market across South Africa – and is considered to be a part of the primary agricultural space which there isn't really a huge appetite for.

Helping farmers grow ROI

"I don't think enough support or financiers are geared toward building commercial farmers at a primary level – I think financiers see that as a huge risk because of climate change and drought, and it becomes difficult to play in the commercial space and/ or in mainstream agriculture. Also, a primary level requires significant

investment in capital."

Nwoko said that farmers are now forced to farm sustainably, having to look at an environment and consider the consumer in terms of how they produce – this all comes at a cost, especially at a primary level.

"You have to build greenhouses, get the latest irrigation systems, fertigation systems and think of all these other things that could help you streamline your processes, and that comes at a hefty price. It's difficult to grow and scale as a farmer in this way, especially from a primary agricultural perspective where financing institutions really don't have geared financing models that could help and support farmers playing at this level."



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Smiling at the notion of a Silicon Valley type of agriculture, Nwoko shared how the creation of such a system where farmers and agribusiness can be supported from startup to the commercial stage, offering flexible payment terms, could help farmers grow their return on investment, "which could also present a challenge that can become quite complex in not reaching that realisation fast enough".

Creating opportunity amid challenges

Recently, Nwoko interviewed a farmer based in Zambia who expressed how her lack of storage and cold chain facilities are a big hindrance to her business growth. The reason why she cannot access these type resources is because she is not producing at scale. For her, as a maize and/ or grain farmer, accessing cold chain and storage becomes expensive and, as a result, does not make sense for a farmer at her level to send her produce to these facilities.

"A number of other countries in West Africa, for example, and elsewhere across the continent, have really bad infrastructure, no good roads, and no good electricity supply which has resulted in major crop losses post-harvest while getting the product to market, and I think that South Africa is not far behind with our uncertainty of our own main power supply. So, challenges like access to markets, finance, information, logistics, cold chain, storage and training are definitely felt across the board throughout the African continent amongst emerging commercial farmers."

Nwoko said that farmers need to see themselves as entrepreneurs and should try to seek alternative markets because in her view, when farmers can begin to talk about their experiences, they can then typically look at approaching retailers and establishing food processors, etc. "However, on grass-roots level, what I am starting to definitely see is that with so many markets, and unconventional markets at that, where food is a requirement and a necessity, there are many other channels that farmers can access."

For farmers, however, getting their products onto the main retail shelves still presents a challenge.

Nwoko said that a lot of buyers or procurement businesses may not want to take a specific product simply because they'd prefer giving opportunities to already existing farmers that have supplied their product for years. "This makes it difficult for new entrants or new farmers to really enter into these retail supply chains because their growing programmes and procurement programmes are already established and given to

farmers who have been farming for 20 years and more."

Rising up to the challenge

But how can commercial farmers across Africa get their voices heard and be taken seriously by policymakers? From her own personal experiences, Nwoko said that there have been times when she has felt discouraged, and/ or has little interest in liaising with government or policymakers because of the corruption that exists amongst those in power.

With regards to farmers who try to change certain policies in government and those institutions that have the power to change them, this has been met with failure over the years, especially in light of growing the sector for example, to offer drought relief funds and to look after farmers' interests. "From what I see and what I read as well, most importantly, I think we should commend agricultural associations for doing their best to hold government accountable for their actions and trying to grow the industry and look after farmers' interests.

"What we can do on the ground is to continue pushing boundaries in our own corners of the world and try to collaborate with other farmers, working closely with one another to grow the agricultural value chain and try to solve our own problems and come up with our own solutions."

In this way, Nwoko said, farmers, with their experience at a grass-roots level, will have a better understanding and chance of having their voices heard by policymakers who will then see the work being done. Farmers will then be in a position to dictate how they want to be supported and what interventions would work best for their agribusinesses.

"I think, on a larger scale, the industry needs to be supported in much greater detail, but for policymakers to take farmers seriously, I think farmers should try to solve their own problems and try to push boundaries and implement certain interventions that could progress their own businesses. And if they can do this long enough, certain institutions and government bodies will take notice and farmers would be in a position to say: 'We've tried this model, we've tested it and it works, and we could scale at a much faster pace if you guys intervened in this and/ or that way.'"

ABOUT ROBIN FREDERICKS

Editor at Bizcommunity.
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