

# Farm Incubator and Training Hubs to capacitate young/beginner farmers in South Africa

## 1. Introduction

Land reform and restitution has become one of the most pressing issues in South Africa. Reform projects to date have on the one hand, typically emphasized whole farm projects which are costly and complex, associated with high-risk and take time to deliver, i.e.

- large groups farming collectively on a single commercial entity,
- large groups obtaining a farm and participants farm individually,
- small groups obtaining a farm and farm it as a single entity (large capital contribution required - accessible only to a small portion of applicants, enrich beneficiaries),
- joint ventures between land reform beneficiaries and private sector or state (equity schemes and contract farming),

and on the other hand small-household level projects on communal land where participant farm with own resources.

Although some progress has been made, many of the new farmers/farms have failed or declined in productivity. **In the Free State alone 20 farms were abandoned and 144 farms were found to be unproductive.** Reasons given for such failure are mainly because of a lack of markets, lack of appropriate training, financing (i.e. production credit and for buying tractors and equipment) and lack of support once they started farming. **The high cost of stopping the production process of an operating farm in the process of restitution was increased by a recapitalization programme as adopted in 2011.**

Since 1994, the scope of offerings of agricultural education, training and development programmes by both private and public institutions has been quite impressive. A new Qualification Framework is in place and the previous traditional curriculums and institutions were replaced by an outcome-based approach. Various new providers - public and private - have been offering training programmes covering the diverse training needs of role-players such as beginner farmers, small-scale farmers, farm workers, youth and women. Skills training courses, part qualifications, learnerships, agricultural support

and mentoring on-site and off-site are being offered - packaged as 'broad-based' or 'competency-based' or 'holistic' and in most cases 'providing capacity-building to manage farms in a sustainable manner'. The AGRISETA lists 528 accredited providers on its web-page. **However, the conclusion to be drawn from many project failures is that most of these programmes do not fully enable participant to make the transition to successful independent farming.**

Land reform is a recurrent issue in the history of countries. Although the political history of South Africa differs from other countries, problems with regard to globalization of markets, urbanization and changing weather patterns affect all countries alike. The lure of 'modern' careers as to those in the agricultural sector (often regarded as having lower status) and the resulting unfavourable age structure of farmers **threaten the social sustainability of agriculture.** It is therefore very important to identify future pathways to draw young people into careers in the primary and secondary agricultural sectors. It is not easy to get into farming. Government should benchmark agri-funding practices, participant selection criteria and training models to ensure best practices are applied to transform the agricultural sector without compromising growth. **Without economic growth, there cannot be development.**

NOTE: The term 'beginner/beginning farmers' or 'new farmers', refers to a person who has not yet operated a farm, or who has operated it for a short period of time only, but wishes to become over time a full time farmer.

A 'young farmer' refers to young people (18 - 35 years) involved in a farming business.

A 'small-scale farmer' farms for profit on small land (size will be small with regard to nature of crop for example grain farming requires a minimum of 50 ha – ideally 300 ha). Other terms used in *ad hoc* manner include new farmers, new entrants, emerging farmers and upcoming farmers.

## **2. Incubator models to develop entrepreneurs**

Recently incubator models have been used increasingly in several countries to develop entrepreneurs in various economic sectors – also in the farming sector. Many people who wish to go into farming today did not grow up on farms or even worked on farms. Incubator farm participants generally do not

own farmland, but many want to start a farm business, and many are somewhat or entirely lacking in farming experience and skills.

An incubator farm is typically a place where people are given temporary, exclusive, and affordable access to small parcels of land, infrastructure and training for the purpose of improving skills and farming business know-how in a real situation. Thus, an incubator farm gives aspiring farmers the opportunity to practice basic skills in a low-risk environment before making major financial investments in land equipment.

NOTE: The term ‘incubator’ has a focus on capacity-building for new venture creation. The term ‘incubator farm /farm incubator’ is more recent and the meaning more flexible – a type of *business incubator*, designed to support the development of new farm businesses. It should give aspiring/beginner farmers temporary access to land for the purpose of learning farming skills and launching farm businesses.

### 3. Different incubator models/approaches currently implemented

There are different approaches to provide farming experience on an incubator farm with the aim to develop opportunities for beginner farmers. These approaches may be applied (i.e. appropriately adapted) in South Africa in order to address the issue of land reform and redistribution:

- Interns and apprentices working for an existing farm business, viewed as temporary employees who have agreed to be paid (at least partly) in education (instead of money) for their services.
- Participants establish an independent farm business on a ‘piece of land on the farm’ and learn “agri-preneurial” skills supported by mentors on the land. Their revenues will depend on their own efforts. These participants farm on a piece of land as allocated and are provided structured training, technical assistance, shared tools, storage and processing facilities, or other infrastructure. Thus, the structured incubator programmes provide an initial land-based training opportunity for an aspiring farmer.
- Geographic grouping of small farmers in a collective with an agribusiness incubator-cum- training and co-operative marketing centre where

farmers in the area will have access to consulting, organizational and management services. The cluster may be strengthened by including other service providers for example transport and packing and even processing and value-adding services. May also assist farmers with secure and affordable access to land and for growing their operations.

NOTE: The concept of agri-incubators is promoted by The Department of Agriculture, Forestry and Fishery (Agro-processing strategy of March 2012 in order to improve participation of small agro-processing businesses in the agri-food chain. Such incubators should provide business support resources and services (e.g. marketing assistance, financing and regulatory compliance).

#### **4. A suggested incubator model within a South African education and training application**

It is possible to utilize such farm-incubators to serve as a stepping-stone to farming independently and to land-ownership. In other words, it should provide a 'feed-through' to small-farming on own land or to an agri-related venture in secondary agricultural or the agricultural service sector.

Ideally, a chain of incubators developed on a regional or district level should provide a network of standardised training and support-services with inputs from both public and current private providers. **Such a visible, well-coordinated and focused strategy based on the existing formal agricultural programme structure, utilizing the excellent learning materials available, should give land reform policies the credibility currently needed** and accelerate positive outcomes and project success. Successful providers may link to such a network providing for diverse opportunities, optimizing of facilities and improved quality assurance.

Incubators may also be linked to Accelerators, mentioned in resources as operating on a shorter timeline than incubators, where appropriate.

- Info DEV, an international development agency of the World Bank, **offers training of incubator managers.**
- Incubators as a concept is not entirely new to South Africa – SBTIA, Southern African Business & Technology Incubation Association does already exist,
- with the Small Business Development Agency (SEDA) partnering with them.

Although other applications may also be viable, I suggest the following model as adapted to the South African education and training environment:

For purposes of this exercise I will refer to a **Farm Incubator and Training Hub**.

The Farm Incubator and Training Hub concept/model is characterized by the following features in three different combinations as detailed in par. 5 below:

- An operating farm/farm land with suitable facilities for training and a nurturing environment for participants/ or an operational farm adjacent or near to incubator and training hub for model and demonstration purposes.
- A management team with core competencies including an Incubator manager and training facilitators.
- A selected group of aspiring farmers farming for own account for a specific period ( $\pm$  4 years), following short intense skill courses on production, management, etc. (paid a basic grant for financial support).
- A selected group of students (aspiring agri-related business owners) conducting a Learnership and obtaining practical hands-on experience (paid a stipend by Agri-Seta in return for practical work).
- A public-private funding model.

## 5. Establishing this model

A prerequisite (i.e. starting point or first stage) for establishing an farm incubator and training hub is a working farm/a farm in operation, that is, it should be a productive farm and farming activities should continue while the agri-development facilities as presented in the three options are being established parallel to the for-profit farming operation.

The Farm Incubator and Training Hub as suggested provides for three options:

5.1 By adding the agri-entrepreneurial component: Giving aspiring farmers access to pieces of land where they will conduct crop farming for own account, supported by incubator services, skills programmes and mentoring. Their revenues will depend on their own efforts. The incubator can comprise of this option as a stand-alone model.

5.2 By adding a Training Hub: Aspiring agricultural-related entrepreneurs will conduct a Learnership offering certain inputs in return for accessing the training programme, preferably in an agro-processing or technical

venture. The incubator may comprise of this option as stand-alone model. Emphasis will be to enable participants to starting an own agri-related venture on completion of Learnership.

**NOTE: Participants will progress from school, FET-college, even university to the incubator programme, using it as a stepping stone to prepare them for transition to start and manage their own venture successfully.**

5.3 By adding both 5.1 and 5.2, preferably in sequence - that is, there will be participant-farmers and apprentices/interns enrolled for a Learnership.

The main farm activities (on the operational farm) provide a model of successful farming, marketing and decision-making to all the participants, a facility for part of the practical observation and training.

**NOTE: I do not regard live-stock farming as an option for 5.1 application.**

**As the incubator model evolves, it may be possible to progress towards more effective geographic clustering as per the third approach mentioned in paragraph 3.**

## **6. Selection of participants**

The first task of managing the suggested farm incubator is to select participants in programmes in order to place or group them in the incubator.

There are two types of participants,

- agri-entrepreneurs (aspiring small-scale farmers), and
- agri-related entrepreneurs (interns to be enrolled for a Learnership in secondary agriculture or services sector to start an own venture.

Admission criteria should be clearly set, and guidelines and transparent evaluation procedures applied. The screening activity should be conducted by using standard procedures and forms, and managed by a team of professional evaluators.

**NOTE: The selection committee should determine best practices in selecting participants, while determining whether the services offered by the incubator offers 'value' to the participants.**

Screening criteria will generally include issues such as educational background of the applicant, financial plan & understanding of market.

## **7. Training, technical assistance and mentoring**

Aspiring farmers will participate in an intensive on-site programme including hands-on access to land, equipment, and a variety of support services including assistance to access capital.

- Short skills courses and technical assistance will be provided.  
The school curriculum for Agricultural Management Practice, and the FET college curriculum should be utilized for programme selection.
- Agricultural Extension workers and other relevant partners can be brought in to support the training.
- Incubator farmers will be encouraged to become mentors themselves as they graduate from the incubator stage.

Agri-interns will conduct a Learnership offered by the Agri-seta. They will conduct part of their farming practice as temporary employees/service providers.

NOTE: Current projects in Free State offers comprehensive training programmes of different nature depending on the development objectives, as well as one-on-one mentoring, in some cases based on Agri-Seta Unit Standards. Learnerships offered by National Rural Youth Services Corps (Narysec) ensure paying of stipends to participants but programme content and applicable experience seems to be questionable according to participants).

## **8. Organisation and Management of the Farm Incubator and Training Hub**

The incubator's legal structure will be influenced by the selected model.

The incubator management team should be composed of an incubator manager, farm manager, qualified trainers and a few full-time administration staff - a dynamic team is essential for success.

In the case where state-owned farms are utilized for purposes of establishing an incubator, the institution should ideally be managed under the auspices of the Local Council, directed by an incubator manager and a Steering Committee or Board. However it can also function as a private entity. Most not-for-profit incubators are supported by central or local government resources where-as

for-profit incubators are funded by private investors or by public-private partnerships.

Best practices for incubator creation and management, for process and for performance evaluation, and exit mechanisms should be benchmarked continuously.

## **9. Funding**

Government must play an important role in strengthening agricultural finance and creating an enabling environment such as rural infrastructure.

- Land Bank is still the most relevant institution for provision of subsidized loans.
- Although excessive government support fosters detrimental dependency, young/beginner farmers should be subsidized (i.e. by means of a Basic Payment/grant) during the first 4-5 years in order to attract participants. This should make farming opportunities more attractive for young people as few young farmers enter the market (the average age of farmers in South Africa today is 62 year).
- Stipends (sourced from sectoral levies).
- Farm revenue (product sales of initial farm) should cover all costs and improvements on the farm.
- Other development costs (training facilities, salaries of training facilitators and supportive research) should be sponsored by private and public funders.

Donor support may be required during the first years of establishing an incubator especially in terms of establishing facilities. In the long-term the goal of these incubators should be to function in a sustainable manner to grow production (that is, contributing to food security of country) as well as improving farmer training capacity.

## **10. Exit Mechanisms and Certification**

The incubator should clearly define and communicate to applicants its exit mechanisms and graduation policies. Such policies should include the time limits (e.g. 4 years for farmers) and performance outcomes in terms of the training programmes and agricultural production activities. On graduating from the incubator, the farmer will continue farming on own land or be



supported to take appropriate steps to apply for obtaining own land. The intern will proceed to operating and own agri-venture in the primary, secondary or agri-service sector.

## **11. Next step: Becoming a small- scale farmer on own land**

Systems around the world are diverse but still dominated by small-scale family farming. When looking at the land reform projects implemented in South Africa so far, the possibility of an in-between option - that is of small-scale farming on own land- has not been realised. The National Development Plan refers to small-scale farmers, especially in terms of access to unutilized or underutilized state-owned land and in previous 'homelands', but it is not clear whether farmers will own land.

**In order to make this option viable, land-ownership is important.** When lacking ownership, farmers do not have a voice and cannot force government to address market failures.

Small-scale farmer should combine food production and production for selling. Although clustering is important, cooperatives, credit cooperatives and commonages can only work when participants have a democratic nature. Farming cooperatives may be formed to provide for machines and equipment.

### **FINAL COMMENT:**

I believe incubator farms are worthy of continued exploration and research, and have the potential to influence the outcomes of beginner farmer development programmes in a positive manner.

*Dr Marita Burger*

*Curmo Designs (Pty) Ltd*

---

