



**Study on Financing
Small Scale Urban
and
Peri – Urban Agricultural Producers
in
Cape Town**

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- 2 Vukuzenzele Farmers Association – Beneficiaries.
- 3 AGRIC – Yaseer Gabriels – Beneficiaries.
- 4 CASIDRA – Clovis Bhiya – Financial Institution.
- 5 Land Bank – Henry Josephs – Financial Institution.
- 6 Department of Agriculture – Naomi Monegi – Financial Institution.
- 7 City of Cape Town – Stanley Visser – Financial Institution.
- 8 Felly Hashe – Research Assistant

1. Background

In many parts of the world, small urban farmers struggle with the issue of access to resources. There are few organizations that provide them with resources that they need to start or expand their agriculture activities. As a result of this phenomenon, many of them remain small and do not graduate from one level of socio-economic development to another.

The RUA Foundation working with its regional partners is exploring the subject of financing urban agriculture. This report is a result of an analysis that was undertaken in the City of Cape Town. It sought to assess how well supported the urban agriculture sector is. It explores both the financial and non-financial support schemes.

2. INTRODUCTION

The South African National Department of Agriculture has been mandated to look into the upliftment of Previously Disadvantaged Individuals in the Agricultural sector to make sure all the necessary support measures were in place in all 3 spheres of Government.

It is clear there has not been sufficient devolution and implementation of this programmes to cater for those in the urban and peri-urban sector, with specific emphasis in the Western Cape where this research took place.

In the Cape Town area, the influx to the city by poor and unemployed people from other under resourced neighboring provinces seeking a better life has brought about a huge influx of homeless and unemployed communities to the City.

Food security has been identified as one of the key drivers in the fight against poverty, HIV-Aids, crime and high anti-social behaviour in the poor communities. These poor people find themselves housed in the townships and shacks that are in the urban and peri-urban areas of the City.

These communities do not have land available to them to build decent housing or land to farm for subsistence or onward sale for surplus. They are occupying lesser than a hectare of land which is situated along roadsides, schools, old age homes, orphanages, churches, clinics, and public open spaces. The majority participants in the urban and peri-urban sector in the city are middle-aged women and older men that are forced into the sector by unemployment and the need to support their families. Youth is of the opinion agriculture is not a funky sector to be involved in and they would rather go and seek employment in the inner city.

The financial sector in Cape Town has not seen this sector as an important role player in the Agri-sector and as such it is not even aware that such a grouping exists. The financial sector states that their area of focus is the commercial space and that it is the funding domain of Government, Donors and NGO movements.

This study will examine the financial institutions in the city and assess where and how they can assist and work with small-scale urban and peri-urban farmers to actively participate in the agricultural sector and economy of the country, and help fight against poverty and HIV/Aids. The Municipal Development Partnership (MDP) in conjunction with the Resource Centre on Urban Agriculture and food security (RAUF) commissioned this study.

2. BACKGROUND

The South African banking sector is well-developed and highly liberalized. It is one of the largest and most deregulated sectors within the emerging markets. The sector is experiencing significant growth, defying the global economic slowdown. The banking assets grew at a CAGR of around 19% between 2002 and 2008, far higher than the global banking industry (RNOS) 2009 has witnessed. It is under these conditions that this research into the financing of small-scale urban and peri-urban farming activities in

and around Cape Town has been undertaken.

Urban Agriculture requires increased financial and political legitimacy if it is to continue developing as a productive force. Little is known about credit and investment interventions around the world that could benefit large numbers of producers and make urban agriculture a major contributor to productive and inclusive urban economies, as outlined by Dr Yves Cabannes 2004.

This shows that it will take lots of time, effort, education and persuasion to get the various role players involved in the financing, investment and political decision-making in contributing meaningful to the urban agricultural sector. This could be the answer to the food security problems of the province and country.

It is clear that poor urban and peri-urban producers around Cape Town are faced by:

1. Poverty
2. High family dependency ratios
3. Lack sufficient land, housing
4. Security of tenure
5. Lack of financing options

3. RESEARCH OBJECTIVES

1. To identify the current practices of institutions and programmes that finance urban and peri-urban agriculture in Cape Town.
2. To identify opportunities and problems that exist for the financing of urban and peri-urban agriculture in Cape Town.
3. To Identify current financing of farmers engaged in urban and peri-urban agriculture in Cape Town.
4. To explore current and future needs for finances by the urban and peri-urban farmers.
5. To recommend best practices of creating an enabling environment, for the financing of urban and peri-urban agriculture.

4. RESEARCH FINDINGS

4.1 Financial Institutions

Cape Town has all the 4 major commercial banking groups that are in the country, namely:

1. ABSA
2. FIRST NATIONAL BANK
3. STANDARD BANK
4. NEDBANK

All these institutions indicated above, revealed in interviews, that they did not cater for the poor urban and peri-urban farming sector. It is clear that the commercial banking sector is still not ready to participate in this sector that they consider to be high-risk, as they are seen to lack collateral, are also perceived as posing a high risk of default and may have little capacity to service loans, hence the need to protect their shareholder interests.

THE LAND BANK

The Land Bank indicated that it plays an active role in the realization of the land reform programme, It is designated as agricultural development bank under special law and was established in 1912 with Government being the sole share holder. The banks products include wholesale and retail financing to commercial and developing farmers, co-operatives and other agriculture-related business.

The Land Bank has instituted a R25K loan called “Branch Loan”, for the past 3 financial year-ends it has not issued any loans whatsoever. Reason was that the bank has not advertised this to the public and there was no institutional support from head office in Pretoria.

4.1.1 Loan conditions

The repayments on the Land Bank loan would be 5 years for production and 5 to 8 years for infrastructure and livestock. The interest is between 12-15% per annum. It would take 4-6 weeks to process and approve the loan. The funds would then be transferred within 3 weeks from date of approval into the applicant’s account.

4.1.2 Factors considered when deciding to grant a loan to poor urban and peri-urban farmers

Before being able to access the Land Bank branch loan, the poor urban and peri-urban farmer has to have the following in place:

1. Proof of access to land;
2. Be a previously disadvantaged Individual or group in terms of South Africa's history and classification,
3. Have access to water,
4. Infrastructure to support the venture **MUST** be in place.

The other general requirement is for them to have a passion for farming, especially in the following primary agricultural disciplines: crop production, poultry, piggery, cattle and sheep farming.

4.1.3 Reasons given by Land Bank for not financing poor urban and peri-urban farmers:

1. Lack of infrastructure;
2. Lack of agricultural experience of applicant/s,
3. Poor credit worthiness,
4. Too many beneficiaries in one project. There seem to be a perception that larger groups are more difficult to manage

4.1.4 Additional assistance provided by the Land Bank to poor urban and peri-urban farmers:

1. Assistance with the preparation and compilation of the business plan,
2. Provision of twice yearly after-care services,
3. Charge a nominal application fee of R28.50 per application.

4.1.5 Recommendations from Land Bank

The Land Bank acknowledges its shortcomings, in its rigid requirements in the processing of the Branch Loans and would like to recommend the following as the solution:

1. Reconsider these applications not as standard commercial loan applicants.
2. Look at financing poor urban and peri-urban farmers far much more aggressively.
3. High emphasis on target market needs and constraints, which are hampering the overall provision of funds.

Land Bank has acknowledged it is now in the process of updating the policies relating to the Branch Loan. The policy has since been in the making for the past 3 years.

4.2 Stakeholders

4.2.1 Definition and Background of stakeholders

Interviews Conducted with other organizations that are more involved in urban agriculture that are defined in this report as stakeholders. The interviews with stakeholders sought to determine the nature of their involvement in the financing of poor urban and peri-urban farmers.

The stakeholders in the Cape Town research were namely, **City of Cape Town, Provincial Department of Agriculture, Muslim Judicial Council, and Casidra** that is the Provincial Implementation Agency.

An NGO that has been working with micro farmers for many years and is now championing a marketing scheme, Abalimi Bezekhaya, was also assessed to check on the support they give to urban farmers..

Stakeholders that participated in the interviews have specialist employees assigned to dealing with the poor urban and peri-urban farmers. The **City of Cape Town, Department of Agriculture, and Casidra** participated in the research, respectively.

4.2.2 Nature of support

All the stakeholders supported similar and overlapping services to the poor urban and peri-urban in the Cape Town research. They did not provide direct financial support.

Technical support is provided by 100% of stakeholders in the form of free grants and subsidies. The **City of Cape Town** is the only stakeholder that has provided land and continuing to seek additional commonage land for use for the poor urban and peri-urban agricultural activities.

The City of Cape Town and the Department of Agriculture provides tools and equipment to farmers in the form of:

- basic tools,
- Wheelbarrows,
- Hand tools in the form of rakes and spades.

Some of the poor urban and peri-urban farmers visited in the field were observed to have:

- Water pumps

- Irrigation equipment.
- Boreholes were also sunk and installed free of charge by the stakeholders.

Production inputs such as the following are also provided to the respective urban and peri-urban farmers:

:

- seeds,
- seedlings,
- fertilizer/compost
- Pesticides

The poor urban and peri-urban farmers also received capacity building and skills development, which included:

- technical skills,
- business administration,
- marketing,
- irrigation systems advice.

The **City of Cape Town** was the only institution that provided immediate assistance from time of application to time of availability on the ground. The **Department of Agriculture** usually takes 6 months or more to process any assistance.

The **City of Cape Town** has a quarterly monitoring and evaluation process that measured the progress of the farmers, who, if they demonstrated ability to farm, are given a second opportunity to request for more assistance.

4.2.3 Challenges Faced by stakeholders

Land availability has proven to be the single largest impediment for development and growth of the poor urban and peri-urban farmer in Cape Town.

As a result, the **City of Cape Town** was currently working towards making available commonage land, and the **Department of Agriculture** was working closely with the **Department of Land Affairs** for the allocation of more land to be availed for the settlement of the poor urban and peri-urban farmers.

The scourge of HIV and Aids was also having an adverse effect on retention of youth that entered the programmes and adults that died because of the virus, and who could not be replaced with

great ease on the farms.

The Department of Agriculture has found it has its own challenges in the time it takes to process the application for assistance. The application is lodged to the time it is approved and could be accessed within 6 months. The only constraint the **City of Cape Town** faced was similar to that of the Department in making land available.

The “emotional” farming methods carried out by most poor urban and peri-urban farmers created unsustainable farming projects, with huge resources having being committed to them. In the long run they were closed down due to unsustainable Agri-techniques and unsound business practices.

4.2.4 Stakeholders’ conditions of access.

For a poor urban and peri-urban farmer to participate in the programme, the **City of Cape Town** required the following:

1. Access to land.
2. Must be practicing vegetable or livestock farming.
3. Access to water critical.

A grant fund was available and has a budget allocation of R500k for this current financial year-end. This Programme is captured in the Urban Agricultural Policy for the City of Cape Town 2007.

Department of Agriculture requires the following for a poor urban and peri-urban farmer to participate in the programme:

1. Access to land.
2. Must be a South African Citizen.
3. Must be practicing vegetable or livestock farming.
4. Must contribute some produce to the community.

The fund is a grant in kind and can range from R50k-R500k. The Department was not able to provide budget for the current financial year. This programme is the Comprehensive Agricultural Support Programme. (CASP)

CASIDRA

Casidra, the implementation agency that looks at implementation and facilitation of projects on behalf of the Provincial Government, their mandate is Agriculture and Economic Development within a

Rural and Land Reform context, requires that the following criteria has to be certified by the respective Provincial Government Department for proposals sent to them by government departments on behalf of poor urban and peri-urban farmers:

1. Expenditure according to Business Plan,
2. Entity must be registered,
3. Funds must only be used for Agriculture-specific programmes,
4. Food security projects,
5. Special emphasis on poverty alleviation,
6. Previously disadvantaged individuals.

The fund is a grant in kind and was open ended, subject to project needs as submitted by the relevant government department. It looked at assisting urban and peri-urban farmers.

4.2.5 Financial Institutions' comments and recommendations regarding the fostering of finance for urban and peri-urban farmers:

1. Creation of policies that would fast track service at least cost,
2. Follow proper laid out procedures in the delivery of services to the clients in the sector. Executive management not adhering to the code of prompt customer service in decision-making processes,
3. Linkages to other SMME Support Programmes that have direct relevance to the needs of the sector,
4. Co-sharing of City of Cape Town Facilities and materials where surplus may exist e.g. Boreholes and Fences on City owned land,
5. Sound Agri Practices must be brought about,
6. Sound financial and record management practices to be implemented,
7. Follow-up on constitutional and Memorandums of understanding to make sure they talk to the issues of agricultural importance and relevance,
8. The enabling of economic development in the Agri sector by aggressively involving the Previously Disadvantaged Individuals and beneficiaries,
9. The mobilization of the Co-operative sector to be made the new vehicle for mobilizing the poor urban and peri-urban farmers' economic emancipation in areas of savings and banking,
10. Extension and sustainable crop technique services.

4.3 Poor Urban and peri urban farmers

4.3.1 Background

ABALIMI BEZEKHAYA – Direct Interviews with 10 separate

groupings

As indicated earlier, middle and elderly women and few men predominantly dominated the poor urban and peri-urban farmers sector in Cape Town.

Hardship and poverty related issues have forced them to look up to this type of food security safety net to get them out of the poverty and hardship cycle.

With the ravages of the HIV/Aids pandemic that has had devastating effects on our younger generation in the communities that most of the farmers were active in, it was clear the youth in these areas were not readily visible in these Agri activities.

These groups got into existence as subsistence farmers that got together in the sprit of UBUNTU (sister and brotherhood) to feed their families and the surplus was being sold in the local communities so as to be able to purchase seed/seedlings for the next crop.

4.3.2 Poor Urban and Peri Urban Production

The majority of urban and peri-urban farmers that participated in the Cape Town research project work in minimum numbers of 3 in a group and up to a maximum of 10 in another one. They work collectively in the tending, fencing and preparation of their land which was ranging from a minimum of 75m² to a maximum of 5000m². Their main activities were the growing of seasonal vegetables, which they market and sell directly to the Harvest of Hope Project, which is under the auspices of the Abalimi Bezekhaya project in Philippi.

The farmers are assisted with land, extension service, and agricultural production inputs that range from seeds/seedlings, fencing, boreholes by the **Department of Agriculture, City of Cape Town and the NGO.**

4.3.3 Financing

None of the 10 sampled poor urban and peri-urban farmers had sought or have been offered direct loan finance from commercial banks or micro credit nor have they created a savings system for their own savings usage. All their activities have been made possible, through a combination **City of Town and Department of Agriculture** subsidies and grants in kind as well as Abalimi.

4.3.4 Farmers funding experiences and recommendations:

1. No cash or loan funding readily available,
2. Applications take a year to process.
3. Lack of choice in the selection of inputs.
4. Cost of equipment repairs is astronomic due to purchasing of cheap equipment.
5. Drilling of boreholes was too shallow, therefore high down time when the water table shifts.

The general recommendations for the above were that due care should be taken when goods and services were being sourced. Constant monitoring and evaluation was called for. If officials were not prepared to do their jobs, they should resign.

4.3.5 Recommendations from Poor Urban and Peri-urban Producers:

A. Access to land:

1. Request right to title on land that they produce on,
2. Request that in future they must be placed closer to the urban area they reside in,
3. Request increase in size of land currently allocated and improvements on the time it took to be allocated land.

B. Infrastructure:

1. More water and boreholes, electricity connectivity, containers for storage, fencing and more soup kitchens,
2. Purchase of inferior boreholes and pumps under the guise of cheaper prices must cease as they only work for 6 months after installation. Thus running a high repair bill.

C. Tools, equipment and implements:

1. Request for centralized storage facilities,
2. Request that all sites of one hectare and more be mechanized.

D. Production inputs:

1. Only fresh seeds, organic fertilizer and market acceptable cultivars must be distributed. To reduce wastage and improve profit, it takes good products to be sold at markets.

E. Capacity Building:

1. Training was requested in the running of urban and peri-urban Agri Business,
2. Workplace based training was being requested to improve the general knowledge base of the farmers.

4.4 Urban and Peri-Urban Farmers Groups

4.4.1 Background

AGRICULTURAL RESOURCE INFORMATION AND TRAINING CENTRE

The Agricultural Resource Information and Training Centre was a unique project that was established to create an agri-resource information and training centre for poor urban and peri-urban farmers to capacitate themselves at the Resource and Training Centre, based in the Philippi Horticultural area, which was supporting 14 female poor urban producers at the time of the interviews.

4.4.2 Urban and peri urban production

The Project is involved in primary agriculture of Seasonal tabletop vegetables, which they market and sell directly to the public and the retail sector.

They are assisted with agricultural production inputs that range from seeds/seedlings, fencing, boreholes by the Department of Agriculture, City of Cape Town's Department of Social Development(DSD), and other NGOs.

4.4.3 Financing

The centre has been fortunate to have been able to receive cash funding from various government departments and NGOs in the form of:

1. Infrastructure – Job Creation Trust. R311k for

transformation of centre.

Dept of social Dev.R4.1m over 3 years for irrigation.

RUAF.EURO66k for pilot project and pack shed.

2. Tools/implements – Dept of Agriculture for tractor Implements.
Job creation trust provided the tractor.
3. Production Inputs – DSD over 3 years
4. Capacity building – AI AQSA Foundation.R100k for computer lab+ welding

4.4.3 Farmers' funding experiences, challenges and recommendations:

1. Project has been in good space of getting funding Via the Muslim Judicial Council,
2. Farmers have been able to put together bankable business plans,
3. There has been commitment to the people development agenda.

Challenges:

1. Access to markets,
2. Production of quality and quantity on a regular basis,
3. Cultivars not ready at time of going to market,
4. Inability to pay to the extent that some commercial farmers were not consistent with workers and consumers.

Recommendations:

1. Access to information,
2. Have resource centers closer to beneficiaries,
3. Access to markets improved,
4. Mentorship and training i.e. cutting edge techniques,
5. Tunnel farming must be encouraged as it will bring about bigger yields, and help protect farmers from weather changes.

4.4.4 Recommendations from Urban and Peri-urban Farmers:

A. Access to land:

1. Land should be made available to deserving and competent farming communities,
2. Market access must also play an integral role,
3. Legal ownership of land through registration will instill more security,
4. Residence (accommodation) very important as a form of security of tenure.

B. Infrastructure:

1. Huge gaps existed as large commercial farmers have large value chain infrastructure such as cold storage, nurseries, warehousing and transport whilst micro farmers do not have.

C. Tools, equipment and implements:

1. Non-availability of specialized implements to realize economies of scale,
2. There is no equipment for soil preparation to support farmers in a meaningful manner. These should be made available

D. Production inputs:

1. Provision of commercial value packs for seeds,
2. Seeds must have good germination rates,
3. Provide seed before their expiry date,
4. Provide choice to plant seed or seedlings so as to improve yields.

E. Capacity Building:

1. Large gap in crop management-time lags to crop rotate produce.
2. Financial management-costing production to the point of sale.

4.5 SUMMARY OF FINANCIAL & NON FINANCIAL SUPPORT INSTITUTIONS IN CAPE TOWN

SUMMARY OF FINANCIAL SUPPORT INSTITUTIONS IN CAPE TOWN

CASIDRA

| | |
|--------------------------|---|
| Website | www.casidra.co.za |
| Phone Number | 021 863 5000 |
| Fax Number | 021 863 1055 |
| Description of Support | CASIDRA manages the Ikapa Absa Entrepreneurial programme, co-funded by the Provincial Government of the Western Cape and ABSA. They offer business loans for rural development at fixed interest rates. |
| Who the program supports | Rural communities of the Western Cape committed to achieving sustainable development, but who lack the technical skills or resources to implement policies and programmes. |

DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

| | |
|--------------------------|--|
| Website | www.dla.gov.za |
| Phone Number | 021 423 4566 |
| Fax Number | 021 426 2702 |
| Description of Support | Grant financing for capacity building. |
| Who the program supports | New farmers who qualify with the terms of the Land Reform Programme. |

LAND BANK

| | |
|--------------------------|---|
| Website | www.landbank.co.za |
| Phone Number | 0800 00 52 59 |
| Fax Number | |
| Description of Support | Provides long-term loans for terms up to twelve years and short-term (seasonal) loans for terms up to five years. |
| Who the program supports | Long-term loans: emerging and commercial farmers and cooperatives who need finance to purchase farm equipment, implements, farming vehicles, livestock, and improvement of structures and irrigation systems. Short-term loans: commercial and emerging farmers who require production credit for input costs. |

MUSTARD SEED TRUST

| | |
|--------------------------|---|
| Website | www.themustardseedtrust.co.za |
| Phone Number | Must contact via email: info@mustardseedtrust.co.za |
| Fax Number | |
| Description of Support | A resource network that implements projects impacting government, business and education with the goal of eradicating systematic poverty. Funds social entrepreneurial projects that fit these criteria. Grants are given on a fixed term and the beneficiaries make return contributions on a regular, continuous basis. |
| Who the program supports | Projects that are self-sustaining, income-generating and that align with the Mustard Seed Trust's principles. |

NON-FINANCIAL SUPPORT

ABALIMI BEZEKHAYA/FARM GARDEN AND NATIONAL TRUST

| | |
|--------------------------|---|
| Website | www.abalimi.org.za |
| Phone Number | 021 371 1653 |
| Fax Number | |
| Description of Support | Comprehensive micro-farming support in the townships of Cape Town. <ul style="list-style-type: none"> - Promotes training, support and assistance to community-based projects - Provides permanent follow-up support to micro-farmers - Assists community-based organisations to associate with and share skills and resources with each other - Supplies subsidised assessment services to micro-farming associations - Supplies free and/or subsidised services to micro-farming groups and associations |
| Who the program supports | Individual and group urban farmers in the townships of Cape Town |

THE BUSINESS PLACE

| | |
|------------------------|---|
| Website | www.thebusinessplace.co.za |
| Phone Number | 011 836 9000 or 011 833 0340 |
| Fax Number | 086 656 5867 |
| Description of Support | Walk-in centres for entrepreneurs, provides "how-to's" and "next steps" for anyone who wants to start, improve or expand a business. Has training programs available. |

| | |
|--------------------------|---|
| Who the program supports | Any entrepreneur. Strong focus (though not exclusively) on youth empowerment. |
|--------------------------|---|

CENTRE FOR PRACTICAL ENTREPRENEURIAL STUDIES

| | |
|--------------------------|--|
| Website | |
| Phone Number | 083 338 9319 or 021 511 2384 (contact: Frank Wygold) |
| Fax Number | |
| Description of support | Offers vegetable gardening courses twice a year in April and September, at the West Coast Field Studies Centre based at the Brooklyn Chest Hospital. |
| Who the program supports | Community members and patients of the hospital. Each participant who wishes may have his/her own small plot to develop an experiment on. |

CITY OF CAPE TOWN URBAN AGRICULTURE UNIT (HUMAN AND ECONOMIC DEVELOPMENT DEPARTMENT)

| | |
|--------------------------|--|
| Website | www.capetown.gov.za/en/ehd/pages/default.aspx |
| Phone Number | 021 550 1100 |
| Fax Number | 021 550 1203 |
| Description of Support | Provides support to urban agriculture projects in Cape Town with assistance to the following elements: access to land, basic infrastructure (fencing, boreholes, water tanks, etc.), production inputs (seeds, compost, etc.) tools and equipment, and mentorship. |
| Who the program supports | Urban farmers in Cape Town. |

DEPARTMENT OF AGRICULTURE

| | |
|------------------------|---|
| Website | www.elsenburg.com |
| Phone Number | 021 808 5111 |
| Fax Number | |
| Description of Support | Provides the following services: Agricultural advice and guidance, infrastructure support, training, conservation of natural resources, agricultural engineering services, farmer settlement, advice and technology transfer, veterinary health services. |

| | |
|--------------------------|--------------------------------------|
| Who the program supports | Farmers throughout the Western Cape. |
|--------------------------|--------------------------------------|

EMPOWERMENT, CAPACITY BUILDING & TRAINING (ECT)

| | |
|--------------------------|--|
| Website | |
| Phone Number | Nigel Rudling: 021 706 8161 or 0722215417 Jeff Rolfe: 028 341 0206 or 082 340 0122 |
| Fax Number | 021 705 5188 or 028 341 0206 |
| Description of Support | Offers a number of training programs on urban gardening: 30-day organic course, 2-day commercial composting course, 14-day business course, basic bookkeeping, operational and farm management course, food safety/traceability and organic certification course, strategic process management and team building course, HIV/AIDS and nutrition course, Understand and Deal with HIV course, Tunnel-building course. EC&T is also able to write and gear courses to suite your group's specific needs. The program costs R150.00 per person per day. |
| Who the program supports | All interested urban farmers |

ECO-CIRCLE

| | |
|------------------------|---|
| Website | www.ecocircle.com |
| Phone Number | 011 468 1189 |
| Fax Number | 011 468 2595 |
| Description of Support | Offers gardening training package in a set of six videos available in English, N Sotho, Xhosa, Zulu, Afrikaans, French and Portuguese. Manual: R150.00 Videos: R 4800.00 Based on group need, the Ecocircle Group of Companies also offers funding to disadvantaged people and communities for video and training purchases, tools and equipment, training of trainers and facilitators, transport fees for trainees to attend training farms, mentorship, and |

| | |
|--------------------------|--|
| | further research projects to enhance methods taught. |
| Who the program supports | All interested urban farmers |

FRESH PRODUCE EXPORTERS' FORUM (FPEF SOUTH AFRICA)

| | |
|--------------------------|---|
| Website | www.fpef.co.za |
| Phone Number | 021 526 0474 |
| Fax Number | 021 526 0479 |
| Description of Support | <p>Aims to create, within free market principles and a deregulated environment, a prosperous but disciplined fruit sector.</p> <ul style="list-style-type: none"> - Collectively promotes FPEF members within producer circles, so that they are considered the 'preferred exporters'. - Assists members in gaining and maintaining international markets for their fruits. Particular efforts in trade fairs, trade delegations to countries, generic promotions and export directories assist in this regard. - Engages in the development and maintenance of the ethical trade portfolio that addresses the major issues pertaining to ethical trade in the fruit export industry. <p>Facilitates assistance to its members' suppliers (producers) in the following way: (i) Assist with training emerging farmers and their staff to ensure compliance to overseas market accreditation standards; (ii) assist with exposing emerging farmers to overseas events such as trade fairs, conferences and trade missions; and (iii) channel donor funds to emerging farmers to improve their export competitiveness in terms of quality, standards and know-how.</p> |
| Who the program supports | Emerging commercial fruit farmers |

LIVE THE FUTURE – METROPOLITAN FOUNDATION

| | |
|--------------------------|--|
| Website | www.livethefuture.co.za |
| Phone Number | 021 915 5940 |
| Fax Number | 021 914 0737 |
| Description of Support | Training workshops around HIV/AIDS empowerment |
| Who the program supports | Communities, organisations and individuals currently within the Western Cape who would like to establish driving forces to counter the HIV epidemic within their spheres of influence. |

MASHIQME TRADING 568CC

| | |
|---------|--|
| Website | |
|---------|--|

| | |
|--------------------------|---|
| Phone Number | Lindeka Pama: 0829716197 |
| Fax Number | |
| Description of Support | 5-day vegetable gardening course with garden follow-up visits included. |
| Who the program supports | All interested urban farmers |

ORGANIC FARMS GROUP

| | |
|--------------------------|--|
| Website | www.organicfarmsgroup.com |
| Phone Number | 031 562 7509 |
| Fax Number | 031 562 7508 |
| Description of Support | National implementing organisation that is commercially oriented. Provides management, training and mentorship to small farmers throughout South Africa. |
| Who the program supports | Emerging black farmers |

SMALL ENTERPRISE DEVELOPMENT AGENCY (SEDA)

| | |
|--------------------------|---|
| Website | www.seda.org.za |
| Phone Number | 0860 103 703 to find your nearest SEDA branch |
| Fax Number | |
| Description of Support | Provides non-financial enterprise development and support services for small enterprises through its network of outlets. These include business information, advice, mentoring, counselling, handholding and training. It also implements programmes on particular sectors prioritized in the Asgi-SA, such as crafts and tourism, agribusiness and small-scale mining. |
| Who the program supports | Small enterprises throughout South Africa. |

SIKHULA AGRI TRAINING

| | |
|--------------------------|--|
| Website | |
| Phone Number | 021 852 8558 |
| Fax Number | 086 512 5037 |
| Description of Support | BBBEEE company accredited with AgriSETA and Department of Labour that provides free agricultural training courses. |
| Who the program supports | Emerging community and commercial farmers |

SOIL FOR LIFE

| | |
|---------|--|
| Website | |
|---------|--|

| | |
|--------------------------|--|
| Phone Number | 021 794 4982 |
| Fax Number | 021 794 4982 |
| Description of Support | Offers training courses on small-scale organic vegetable production, compost-making, earthworms and vermin-compost, nursery skills, health and nutrition, and herbs. Publishes quarterly newsletters, offers membership and holds annual vegetable gardening competitions. |
| Who the program supports | All interested urban farmers. |

SOUTH AFRICAN AGRI ACADEMY

| | |
|--------------------------|--|
| Website | www.agriacademy.co.za |
| Phone Number | 021 808 7618 |
| Fax Number | 021 808 5412 |
| Description of Support | Aims to achieve sustainable market access through comprehensive skills development |
| Who the program supports | All interested urban farmers |

WES-KAAP UBUNTU FARMERS' UNION

| | |
|--------------------------|---|
| Website | |
| Phone Number | 022 482 2380 |
| Fax Number | 022 482 2381 |
| Description of Support | Acts as communication channel between government structures and other relevant institutions. Supports farmer associations in their growth to sustainability. Represents, promotes and supports the interests of emerging farmers. Facilitates development structure for emerging farmers. |
| Who the program supports | All interested urban farmers |

ZENZELE TRAINING AND DEVELOPMENT

| | |
|--------------------------|--|
| Website | |
| Phone Number | 021 361 1840 |
| Fax Number | 021 361 1834 |
| Description of Support | Offers vocational and business skills training, and entrepreneurial development. |
| Who the program supports | Historically disadvantaged people based out of Khayelitsha and Crossroads areas. |

Conclusions

- ✚ Cape Town is relatively well-supported in terms of agricultural support to small farmers.
- ✚ Banks appear to regard this sector as too small to warrant their attention hence there is minimal support
- ✚ The banks however expressed willingness to consider the micro farmers in their lending schemes
- ✚ There are many public organizations giving non-financial material support to agriculture
- ✚ The support to farmers is not well-coordinated and has led to many groups of farmers getting more of what they do not need, and less of what they need
- ✚ The City of Cape Town has a comprehensive policy that includes detail of who and how they support urban agriculture
- ✚ Some farmers are failing to access support due to failure to meet simple requirements such as getting organized, lobbying for access to land, and production capacity
- ✚ There also exist some difficult conditions by banks that some farmers cannot meet that may require adjusting to enhance farmer access

5. RECOMMENDATIONS

The following recommendations would enhance access of poor urban and peri-urban farmers to finance in Cape Town:

- 1. Banks generally lack a full understanding of the value that a fully supported and functional urban agriculture sector can contribute to the economy of Cape Town. There is therefore need to raise the banks awareness of this important sector.**
- 2. Joint funding and assistance schemes between all spheres of government and the private banking sector could be arranged for groups that can form themselves into co-operatives,**
- 3. The different forms of support to farmers currently in place should be harmonized by a well-organized platform such as the multi-stakeholder forum on urban agriculture**
- 4. Currently, the co-operative fund does not cater for capacity building of prospective members, in order to get the groups to understand the mechanisms and dynamics involved in this type of a fairly new South African business venture model that has been an exclusive domain for white communities. This would allow for training and registration of the entities, once the entity is registered,**
- 5. Farmers should be given capacity to access other funds that they are currently unaware of. For example, they can apply to the Department of Trade and Industry (dti), on submission of a bankable business plan, for an amount of R300k, which is made available as a free grant which is not payable back to the (DTI).**

The issue of access to markets is crucial in the closing of the gap in order to create a sustainable poor urban and peri-urban farming model:

- 1. The Broad Based Black Economic Empowerment Act of South Africa, currently encourages big businesses that want to do business with the state to buy goods and procure services from black owned businesses,**
- 2. Therefore, this would create space for contracting out production to the major retail stores that are currently spending vast sums of money in organic products that are in such high demand in Cape Town,**
- 3. The Three spheres of Government have huge procurement budgets that could be opened up for the procurement of produce from this sector for the supply to Hospitals, School feeding schemes and Prisons, National Government is in the process of establishing a centralized procurement agency that will look at one stop Supply Chain Management Agency.**

Because the savings culture is very low amongst the African

population in South Africa, the co-operative system would be the best way of creating own savings pools by registering a savings co-operatives within each group of co-operatives that would be registered.

References

1. RNCOS Releases a New Report – South African Banking Sector Analysis
2. www.ruaf.org
3. www.un.org
4. www.capetown.gov.za
5. Urban Agricultural Policy for The City of Cape Town - 2007
6. City of Cape Town Directory of Financial Support to Agriculture

List of Appendices

APPLIED STUDY ON LOCAL FINANCE FOR POOR URBAN AND PERI-URBAN PRODUCERS

| A. FINANCIAL INSTITUTION IDENTIFICATION. | |
|---|--|
| NAME OF INSTITUTION | |
| ADDRESS | |
| TELEPHONE NUMBERS | |
| EMAIL ADDRESS | |
| CONTACT PERSON | |
| POSITION | |
| DEPARTMENT | |
| DATE OF INTERVIEW | |
| RESEARCHER NAME | |
| TELEPHONE NUMBERS | |
| ADDRESS | |

B. STATUS AND DESCRIPTION OF INSTITUTION.

1. WHAT IS THE LEGAL STATUS OF THE INSTITUTION?

| | | | | | |
|--------------|------|--------------------|-----|--------------|-------|
| CO-OPERATIVE | BANK | PRIVATE ENTERPRISE | NGO | MUNICIPALITY | OTHER |
|--------------|------|--------------------|-----|--------------|-------|

2. IF IT'S OTHER, STATE TYPE AND NAME OF INSTITUTION.

| |
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3. TYPE OF PROGRAMME FUNDING?

I.

| | | | |
|---------------------------------------|-------------------|-------------------|---------------------------------------|
| A.PARTICIPATORY BUDGETING | B. FARMER SAVINGS | C. CREDIT SCHEMES | D. CORPORATE RESPONSIBILITY FINANCING |
| E. MICRO-CREDIT FOR URBAN AGRICULTURE | | | |

II. SUBSIDIES IN A FORM OF;

| | | |
|-----|-------------------|------------|
| TAX | FISCAL INCENTIVES | EXEMPTIONS |
|-----|-------------------|------------|

C.FINANCIAL INSTITUTION STRATEGY REGARDING LOCAL FINANCE FOR POOR URBAN AND PERI- URBAN PRODUCERS.

1. LIST YOUR SHORT, MEDIUM OR LONG TERM STRATEGIES.

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D. FINANCIAL SITUATION.

1. DOES YOUR INSTITUTION HAVE FINANCIAL RESOURCES TO SUPPORT THE PROGRAMME?

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|-----|----|
| YES | NO |
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2. IF NO, PLEASE SPECIFY.

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3. WHAT IS THE SIZE OF THE BUDGET IN RANDS?

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4. WHERE DOES YOUR INSTITUTION DRAW ITS RESOURCES FROM?

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5. WHAT IS THE VALUE OF OUTSTANDING LOANS?

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E. DESCRIPTION OF FINANCIAL PRODUCTS RELEVANT FOR URBAN AND PERI-URBAN PRODUCERS.

1. LIST TYPES OF PRODUCTS OFFERED.

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2. ARE YOUR PRODUCTS;

| | | | |
|---------|-------|--------|-------|
| SAVINGS | LOANS | GRANTS | OTHER |
|---------|-------|--------|-------|

3. IF OTHER, PLEASE SPECIFY

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4. DETAIL DESCRIPTION OF YOUR PRODUCTS.

| | |
|-------------------------|--|
| A. NAME OF PRODUCT: | |
| MIN /MAXIMUM VALUE | |
| NATURE OF SUBSIDY | |
| CONDITIONS OF ACCESS | |
| GRACE PERIOD | |
| GUARANTEES REQUIRED | |
| DOWN PAYMENT | |
| PREVIOUS SAVINGS OR NOT | |
| DURATION OF LOAN | |
| INTEREST RATE | |

| | |
|---|--|
| TIME TAKEN TO PROCESS AND APPROVE APPLICATION | |
| TIME TAKEN TO TRANSFER FUNDS | |

| | |
|---|--|
| B. NAME OF PRODUCT: | |
| MIN /MAXIMUM VALUE | |
| NATURE OF SUBSIDY | |
| CONDITIONS OF ACCESS | |
| GRACE PERIOD | |
| GUARANTEES REQUIRED | |
| DOWN PAYMENT | |
| PREVIOUS SAVINGS OR NOT | |
| DURATION OF LOAN | |
| INTEREST RATE | |
| TIME TAKEN TO PROCESS AND APPROVE APPLICATION | |
| TIME TAKEN TO TRANSFER FUNDS | |

APPLIED STUDY ON LOCAL FINANCE FOR POOR URBAN AND PERI-URBAN PRODUCERS

| | |
|---|--|
| A. BENEFICIARIES IDENTIFICATION. | |
| NAME OF ORGANISATION | |
| ADDRESS | |
| TELEPHONE NUMBERS | |
| EMAIL ADDRESS | |
| CONTACT PERSON | |
| POSITION | |
| NUMBER OF MEMBERS | |
| SIZE OF LAND/FACILITY | |
| DATE OF INTERVIEW | |
| RESEARCHER NAME | |
| TELEPHONE NUMBERS | |
| ADDRESS | |

B. STATUS AND DESCRIPTION OF ORGANISATION

1. WHAT IS THE LEGAL STATUS OF THE ORGANISATION?

| | | | | | |
|-------------------|---------|--------------|-----|-----|-------|
| CLOSE CORPORATION | COMPANY | CO-OPERATIVE | NGO | CBO | OTHER |
|-------------------|---------|--------------|-----|-----|-------|

2. IF IT'S OTHER, STATE BELOW

| |
|--|
| |
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3. GIVE A BRIEF DESCRIPTION OF YOUR ORGANISAION.

| | | | | |
|-------------------------------|---------------------------|-----------|-----------------|-------|
| SELLING PART OF PRODUCE | INVOLVED IN PROCESSING | MARKETING | DIRECT SALES | OTHER |
|-------------------------------|---------------------------|-----------|-----------------|-------|

IF OTHER, SPECIFY

C. FINANCING STRUCTURES

A) SAVING SYSTEMS

| | | | |
|---------|---------|------------|------------|
| IN KIND | IN CASH | COLLECTIVE | INDIVIDUAL |
| R | R | R | R |

B) CREDIT

| | | |
|-----------|---------------------|------------------|
| LAND BANK | DEPT OF AGRICULTURE | COMMERCIAL BANKS |
| R | R | R |

IF COMMERCIAL BANK, GIVE NAME OF BANK BELOW

| |
|--|
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C) MICRO-CREDIT

| | | |
|-----|------|-------|
| NGO | APEX | OTHER |
| R | R | R |

IF OTHER, SPECIFY

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