

2019 ANNUAL REPORT



Weathering
the
weather



414

STUDENTS
TRAINED

18

COURSES
OFFERED

188

FARMERS
VISITED



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Note from our chairperson

Bonile Jack-Pama


Climate change in general, and drought in particular, are ubiquitous issues in discussions and media coverage about agriculture in South Africa. They certainly pose a huge threat. Hundreds of thousands of livelihoods, and the food security of us all, and are at stake.

However, the solutions are less often discussed than the challenges, and new farmers tend to be left out of these conversations. The upside is that the way forward is indeed being forged on the ground, in a process of continual adaptation and innovation. This report describes some of this work: how Buhle and the new farmers we serve are adapting to changing weather conditions, while continuing to grow sustainable and profitable farming businesses.

Partnerships with our funders, and a process of ongoing innovation, are enabling this work to take place. Government entities, too, are increasingly partnering with us to provide the start-up capital that new farmers need to launch viable enterprises.

We look forward to increased adaptation in the future as the understanding grows of the need for capital investment in new farmers' infrastructure, and a new wave of 4IR technology increasingly beckons to new and established farmers. The year 2020 marks the 20th Anniversary of Buhle's existence, and we look forward to holding an event to celebrate.

3.

A woman, Bonile Jack-Pama, is standing in a field of cabbages. She is wearing a light-colored, long-sleeved shirt and pants, and black rubber boots. Her arms are raised in a gesture of triumph or joy. The field is filled with rows of cabbages, and the background shows a dry, hilly landscape under a clear sky.

**The way forward
is being forged
on the ground in
a process of
continual
adaptation
and
innovation.**

Letter from our CEO

Nyiko Maluleke

The year 2019 was one of Buhle's most successful, as we were able to establish new partnerships that resulted in a higher surplus at the end of the financial year – which equates to more farmers farming. In the context of a changing climate, this is enormously encouraging.

Climate-mitigation measures, such as those outlined in this report, require investment. The good news is that funders are realising the importance of providing the capital that enables new farmers to build up profitable farming businesses over time.

In 2019 we continued to collaborate with Humulani, Nedbank, the IDC and the Land Bank in projects that selected, trained, supported and funded 25 of our most promising alumni. These investments provided a powerful kickstart of almost R4,5 million altogether invested in their farming businesses, and we look forward to more over time.

For our graduates, and on Buhle's commercial farm, water scarcity – in our case, underground

water for irrigation – was the biggest threat in 2019. This challenge has diminished since the summer rains started but is still under observation. Our adaptations include planting cultivars adapted for dry weather and planting vegetables under shade-netting donated by Master Plastics.

This coming year, we plan to focus on our 20th anniversary event, renovating the students' accommodation and classrooms, offering new elements to our training, including sheep and goat farming, hydroponics and agro-processing, and implementing at least one project outside South Africa's borders.

We also intend to generate more income from our commercial farm, include technology and smart farming in our courses, and further strengthen our relationship with government.

I remain excited about the role new farmers are playing in growing both food and jobs. As long as we all need to eat, business opportunities for them will abound.



**NEW
FARMERS
GROW:**

**Food
AND
Jobs**

The challenges

Over the years, our farmers have raised solid complaints about unpredictable weather and its effects on their agribusinesses.

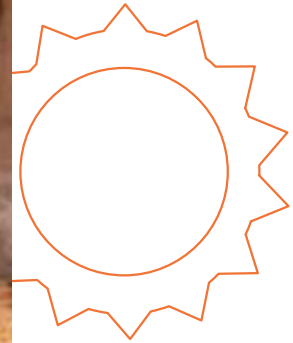
Smallholder farmers struggle to adapt to new ways of farming that could help them address the challenges, which are many. These farmers are now identifying new-age issues: technology remains either unfamiliar or out of reach to them, given the skewed access to resources in the agricultural sector.

The worst consequences of climate change for the farmers of Southern Africa are drought, higher temperatures, flooding and changing rainfall patterns. Buhle's farmers are spread out across the country and the solutions will vary according to conditions in each region, the size of the farm, the commodities under production and the farmer's level of skill.



CLIMATE CHANGE CHALLENGES FACING Farmers:

- ∆ Drought
- ∆ Higher temperatures
- ∆ Flooding
- ∆ Changing rainfall patterns



Water availability has the most severe effect on our graduates' farming businesses. Severe drought decimates crops and livestock farming. Excess water can be equally damaging. The full value chain, from primary production to agents and logistics, continues to feel the effects of unpredictable weather patterns. Farmers are reporting that groundwater and aquifer are becoming dry, and that they must dig deeper and deeper for water.

The net effects of climate change are uncertain to a degree; nevertheless, rainfall is expected to become increasingly variable. The issue is not that smallholder farmers are the only ones affected by the weather but rather that, compared to large scale farmers, establishing farmers are far less resourced to revive operations following a drought, fire or pest attack. These can spell the end of operations for many smallholders.

The solutions

Farmers need solutions that are sustainable and easy to implement. To ignore the effects of rapidly changing weather patterns would be detrimental to the food security and job security of the rural economy. Smallholders are all too aware of the need to adapt or die, given the South African landscape.

When they have the capacity they need, they adapt to their environment, adopt new skills and implement with speed to reduce downtime in their production.



Adaptation is the key to sustaining smallholder farmers amidst the variable effects of climate change. The first step is to provide the appropriate education, through Buhle's accredited courses and post-training support. Another is creating bespoke climate adaptation solutions, taking into consideration disparities in weather patterns, production belts and access to markets.

Lastly comes access to impactful funding sources through grants, loans and hybrids of these, as suitable for seasonal businesses.

Buhle always takes on a holistic rather than a piecemeal approach, which would have negligible results. Our smallholder farmers are largely dependent on rain-fed agriculture, which is inefficient, given unpredictable patterns of rainfall, and limits the production period to rainy seasons. Farms must provide income throughout the year as produce remains in demand year-long, and farmers manage businesses that must support precarious communities.

A reliable water source is a basic step to enable farmers meeting their contractual obligations and stabilising their businesses. Buhle assists farmers to adapt their farming practices by upgrading irrigation systems. After an analysis at each farm, the solutions for access to water are a

combination of borehole access with either water tanks, a dam or a drip irrigation system. In 2019, all our farmers on funded projects completed the year with a reliable water solution as part of their business plan.

Through our relationship with Master Plastics, several farmers started erecting shade-netting as a further layer of protection from weather events such as storms and droughts.

Farmers surveyed their particular environments, gathering data to make informed production decisions. They implemented the most suitable solution by selecting a different crop or cultivar, or animals that were hardier, of higher value and in greater demand.

They also explored hardy vegetables such as the root vegetables beetroot, carrots and potatoes, as well as squashes, okra and some varieties of spinach, rather than more heat-sensitive options.

Farmers also diversified their agribusinesses by adding commodities, processing or finding new streams of income to secure the farm when nature strikes.

To unlock these solutions, our funders provided impactful finance through grants or loans and the hand-holding by Buhle's farmer support programme.

Farmers ADAPTING TO CLIMATE CHANGE:

Education

Irrigation
systems

Shade
netting

Hardy
crops

Diversifying
agribusiness



Our farmers' stories

Lafata Agricultural Project Trust

Farmer: Mokgadi Rasethaba

Province: Mokopane, Limpopo

Current Production: 40 000 broilers, about 4ha fruit and vegetables

Previous Production: 3 600 broilers, 3ha vegetables

Buhle Course: Vegetable Production in 2016

Jobs Created: 6 permanent, 19 seasonal jobs

Market: Formal



Adaptability + diversification for success

The Lafata Trust is a successful farming business with huge opportunity for growth. It is using just 8ha of land for its chicken houses and fruit and vegetable crops, but has 408ha at its disposal.

In a sign of its vision and ambition, the Trust has planted unusual crops that include watermelons, pomegranates, dhania and other herbs for the local Indian market, as well as okra, chillies, peppers and sweet potato.

The extreme weather of 2019 affected some crops badly. Frost-bite destroyed 1/2ha tomatoes overnight, and the December heat overwhelmed the sweet peppers. "Peppers are a high-value crop, so this was a huge waste of time and resources," said Mokgadi. "Then, excessive rain came, and caused some of our young watermelons to rot."

However, the Trust has diversified production units, with an extremely successful chicken farm supplying the formal market, and is in a good position to adapt and grow vegetables successfully. "We have an irrigation system, and plan to start planting under shade-netting soon," says Mokgadi.

Kgabaganyang Mawatle Agricultural Co-operative

Farmer: Mapula Ledibane

Province: Mpumalanga – Moloto district

Current Production: Up to 1500 broilers; 2ha sweet potatoes, tomatoes, peppers, spinach and butternut

Previous Production: Negligible

Buhle Course: Poultry and Vegetable Production, 2018

Jobs Created: 3 full-time, 1 part-time

Market: Formal and informal



“Our business is young but we're growing fast”

Mapule and her family are ploughing most of their profits back into their farming business.

“Our business is young but we're growing fast and I know it's going to work out. We've planted 2ha of vegetables and have 13ha available. With that, the opportunity is endless,” she says.

They have one borehole but it has been inadequate, and they had to wait for rain late last year before planting an initial plot

of vegetables. Supported by Buhle, IDC and the Land Bank project, they were able to drill a second borehole and increase the area under vegetable production to two hectares. Some of these seedlings were swept away by heavy rain, “but now we have a plan to build a reservoir to capture the rain, so that it doesn't sweep downhill,” said Mapule. “As farmers, we need to push, to persevere, think out of the box. I encourage other South Africans to go into farming. The youth have open minds. They're willing to go big. If we all sit in offices, who's going to grow our food?”

Bosijo Investment (Pty) Ltd

Farmer: Bongani Sibeko

Province: Mpumalanga – Gert Sibande district

Current Production: 150 cattle, 167 sheep, 50 lambs, 120 chicken layers, 90ha of soya

Previous Production: Negligible (working on father's land)

Buhle Course: Crop production in 2011

Jobs Created: 1 full-time, 1 part-time

Market: Formal



**Our November 2019 Star of Buhle,
“has made big progress.”**

“My farm is growing,” he says. “Farming is not easy, but I love it because no one pushes you except yourself. No-one starts or ends the day without eating something. All that we have, comes from farming. I feel like king of the jungle!”

Bongani’s studies were paid for by Sasol and he went on to join the Farmer Support Programme, receiving a package of mentorship, financial support and land. “We’ve had drought, veld fires, many challenges,” he says. “A portion of the farm burnt, and then another portion, affecting 70% of my grazing area. Thankfully it was not the arable part, and I had enough fodder to see me through.”

When his boreholes ran dry, he carried rainwater from a neighbouring dam to his own land. “I have drilled another borehole, and will equip it as soon as I get the cash.

“Farmers stand together. When there’s a fire, look how many people are there to help. That is true human nature. You see it on farms, but you don’t always see it in urban areas.”

Our funders help us to weather the weather!



**Humulani
Trust**



**Schoeman
Boerdery**



Audited Financial Statements

for the year ended 31 December 2019

Buhle Farmers Academy (2004/016680/08)

Association Incorporated in terms of Section 21

Statement of Financial Position

	2019	2018
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2 487 391.00	2 539 069.00
Loans receivables	<u>2 960 163.00</u>	<u>2 960 163.00</u>
	<u>5 447 554.00</u>	<u>5 499 232.00</u>
CURRENT ASSETS		
Inventories	101 072.00	60 223.00
Trade and Other Receivables	88 398.00	527 687.00
Cash and Cash Equivalents	<u>6 321 611.00</u>	<u>4 077 435.00</u>
	<u>6 511 081.00</u>	<u>4 665 345.00</u>
TOTAL ASSETS	<u>11 958 635.00</u>	<u>10 164 577.00</u>
RESERVES AND LIABILITIES		
Reserves		
Retained Earnings	11 958 635.00	10 164 577.00
Total Reserves and Liabilities	<u>11 958 635.00</u>	<u>10 164 577.00</u>

Statement of Cash Flows

	2019	2018
Cashflow from operating activities		
Surplus for the year	1 794 058.00	3 943 854.00
Adjustments for:		
Depreciation of tangible assets	582 881.00	465 616.00
Investment income	-186 059	-114 829
Profit on disposal of property, plant and equipment	-	-11 650.00
Operating cash flow before working capital changes	<u>2 190 880.00</u>	<u>4 282 991.00</u>
Working capital changes		
(Increase)/decrease in inventories	-40 849	243 986
Decrease/(increase) in trade and other receivables	439 289	-359 111
Net cash flows from operations	<u>2 589 320</u>	<u>4 167 866</u>
Investment income	<u>186 059</u>	<u>114 829</u>
Net cash flows from operating activities	<u>2 775 379</u>	<u>4 282 695</u>
Cash flows used in investing activities		
Property, plant and equipment acquired	-531 204.00	-1 082 864.00
Proceeds on disposals of property, plant and equipment	1.00	11 650.00
Movement in other current asset	-	-
Net cash flows used in investing activities	<u>-531 203</u>	<u>-1 071 214</u>
Cash flows used in financing activities		
Loan to operational company	-	-1 030 114.00
Other	-	-2.00
Net cash flows used in financing activities	<u>-</u>	<u>-1 030 116.00</u>
Net increase in cash and cash equivalents	2 244 176.00	2 181 365.00
Cash and cash equivalents at beginning of the year	<u>4 077 435.00</u>	<u>1 896 070.00</u>
Cash and cash equivalents at end of the year	<u>6 321 611.00</u>	<u>4 077 435.00</u>

Statement of Comprehensive Income

	2019	2018
Revenue	18 514 000.00	18 108 310.00
Cost of Sales	-1 696 836.00	-1 152 494.00
Gross surplus	<u>16 817 164.00</u>	<u>16 955 816.00</u>
Other Income	-	11 650.00
Operating costs	-15 209 165.00	-13 138 441.00
Operating surplus	<u>1 607 999.00</u>	<u>3 829 025.00</u>
Finance Income	186 059.00	114 829.00
Surplus for the year	<u>1 794 058.00</u>	<u>3 943 854.00</u>
Retained income at 1 January 2019	10 164 577.00	6 220 723.00
Surplus for the year	1 794 058.00	3 943 854.00
Retained Income at 31 December 2019	<u>11 958 635.00</u>	<u>10 164 577.00</u>

TRAINING PEOPLE IN THE BUSINESS OF FARMING



www.buhle.org.za

A combine harvester is shown in silhouette against a bright, hazy sunset sky. The harvester's long auger is extended towards the right side of the frame. The overall scene is bathed in a warm, golden light.

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