

A leaf from our story



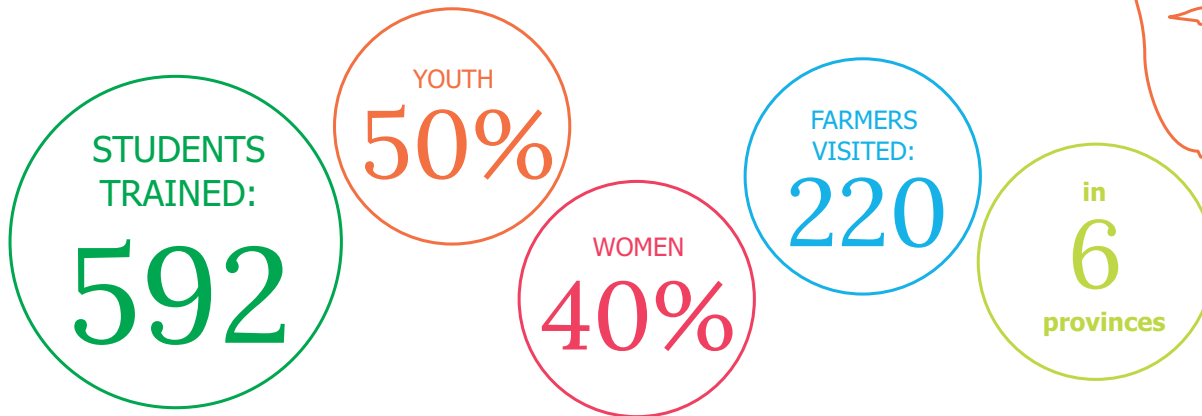
ANNUAL REPORT 2018





"I am expecting a good harvest from my 50m by 50m field, and am using profits from the first field to expand production. The support from Buhle and grant from Nedbank have helped me enormously. I could erect a fence, hire a tractor, buy an irrigation system, and pay my workers. After analysing the market for vegetables that are in demand, but not liked by thieves, I planted okra."

Sharon Matumba (29)



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Note from our chairperson **Bonile Jack-Pama**

Buhle has been operating for 18 years and our mission – to develop new farmers – has not changed in this time. In fact, it has become an increasingly important one.

South Africa faces a watershed moment regarding the challenge of land reform, which became a key aspect of all the major political parties' manifestoes as elections approached this year. The land reform debate makes the way forward clear to us all. First, new farmers need land, a challenge that government must address. Second, they need training. Third, they need mentoring and upskilling over several years to make their farms productive and sustainable, and fourth, they need start-up capital in the form of reasonable grants to get production started.

In partnership with our funders, Buhle is now addressing every aspect of farmer development. We have always provided training and support. In 2018, the final piece of the puzzle, i.e. providing grants and loans to some farmers, became possible. In this report, we shall describe this new project in detail.

In the future, new opportunities for partnership will continue to open up for organisations with expertise in farmer development, and Buhle is better positioned than ever to play a role. We are the training partner for several government departments working in agriculture, and we look forward to more such collaboration.

There is immense pressure on Buhle to highlight the success we achieve beyond training, and reveal that new farmers are succeeding in agribusiness.

The challenge of new farmer development is too complex for any one organisation to solve alone. Everybody must play a role, from government to business through its social responsibility programmes, to agricultural organisations, and NPOs such as ourselves.

We are hugely motivated to be part of the solution.



Letter from our CEO Nyiko Maluleke

The year 2018 was an exciting one for Buhle, marked by good progress with existing projects and several new developments. We have exceeded our training target of 500 students for the past three years, and trained 592 this year. Of these 40% were women and 50% were youth. Farmer support is a core division at Buhle, and our Farmer Support Officers visited 220 farmers in six provinces, to upskill them to overcome challenges and grow their operations.

Since our inception in 2000, we have provided training to eligible new farmers and mentored our graduates. We also understand the importance of walking with our graduates along the entire path of growing a viable farming business. All new farmers inevitably need capital to buy good seeds, infrastructure such as irrigation systems, animal housing, equipment such as tractors, and other necessities. This funding is generally hard to source in meaningful amounts.

Buhle has previously managed farmer grants for Nedbank, the IDC and the Land Bank. Thanks to our visionary funders, several projects are underway. For the third year, in 2018 we continued and expanded a project providing support and loans to farmers to grow malt barley for the beverage industry. We are now also providing start-up capital to our graduates in two new projects: in Vuwani, Venda, and to farmers in various locations, selected for their potential to succeed.



Donors such as Nedbank, Humulani Trust and those in the BE-FED project – the ICCO Foundation, Heineken, Soufflet and the Dutch Embassy – see the future in supporting small and medium agricultural enterprises, to ensure that beneficiaries build sustainable farming businesses. In these projects, start-up loans or grants shorten the period between graduation and setting up a formal business. Due to intensive and ongoing support, there is a notable increase in the number of businesses going into multiple cycles and seasons.

The stories in this report show what your investment in the training, support and growth of new farmers is achieving.

**To our funders: Buhle thanks you,
the farmers thank you,
and South Africa thanks you.**

New projects

At Buhle, we know that training is a fraction of the job of farmer development. New farmers also need ongoing mentorship and capital to kickstart their businesses.

Our Farmers Support division was established in 2008. Due to funding constraints, we provide post-training support to a limited number of graduates who show potential, have an appetite to scale up their enterprises, and the discipline required.

“We are providing intensive post-training support and capital to some of our most promising graduates.”

Our graduates are frequently held back by their inability to get grants and loans due to their lack of collateral, credit records and the financial and production history that lending institutions require. In the BE-FED project, and those supported by Nedbank and the Humulani Trust, we are providing intensive post-training support and capital to some of our most promising graduates.

These farmers already have access to land, an aptitude for farming, and were trained at our academy. Given their high degree of motivation, they are now poised for success.

It is apparent that providing piecemeal, unco-ordinated support stagnates the country's land-reform goals. The Nedbank project is supporting 10 of our alumni in Vuwani, Venda, who have been granted use of some of the fertile land in the area, by the local traditional authorities. In this project, the financial support and mentoring will be given over 3 years.

The Humulani Trust projects supports five outstanding Buhle graduates in various locations around the country. Farmers qualify by being active, securing a consistent market (formal or informal), being amenable to mentoring and composing detailed business plans.

The BE-FED project began in 2016 and will end in December 2019. In 2018, 17 farmers were trained, mentored and granted loans to upscale their farming operations so that they could provide malt barley to Heineken. The project was a huge success, with 97% of the farmers' barley meeting the specifications in 2018, and all of the farmers able to repay their loans within the year.

These are inspiring projects, but it is important to acknowledge they are only possible because other funders are supporting our longer-standing programmes to train new farmers and mentor our graduates.

These are the foundation for all our farmer development efforts.



Working hand-in-hand

Our projects providing support and grants to selected Buhle graduates have been painstakingly planned and carried out.

Buhle screened and recruited each of the beneficiaries, and finalised contracts with them. They are all practising farmers who have completed our SETA-accredited courses and are in the transition phase of building their smallholder enterprises into fully-fledged farming ventures.

They showed a high level of skill and management ability while training, have registered businesses with identified markets, and their businesses have potential to grow.

In the Nedbank and Humulani projects, for example, we conducted a skills audit for each farmer, assessing their technical, managerial and business skills; identified the potential risks they face, and developed mitigation plans to address these risks.

Based on outcomes of this audit, each farmer received further training to bridge their specific skill and knowledge gaps. Baseline indicators

were developed for each farmer, and we are implementing individualised support programmes covering three broad categories: technical, managerial and business needs.

Our Farmer Support officers visit each farmer at least 10 times per year to assess progress and give advice. We also assist the farmers, as needed, by phone and email.

We encourage our beneficiaries to “pay it forward,” and trust the beneficiaries of these projects will aid other new farmers in turn. The farmers in the Vuwani district all come from the same 30km region. This will enable them to form a network of support when the project ends. This network will also be positioned to welcome other new farmers.

Ideally, we would like this model replicated across the country – small groups of farmers strengthened to progress and, in turn, paving the way for others to grow too.

Buhle Farming and Services (Pty) Ltd

Growing our commercial arm

We have plans to strengthen our commercial activities beyond primary production by exploring opportunities along the agricultural value chain.

Buhle Farming Services (Pty) Ltd, or BFS, exists to help raise funds for our training academy. BFS is a private company that Buhle established in 2009, and which became active in 2016. In the past, the company has been growing dry land soya, maize and green mielies, farming on both the working farm at our training academy and on another 500 hectares of leased land.

In 2018, in response to the unpredictable weather and to explore new crops, we diversified to an intensive farming approach, growing potatoes and cucumbers to supply the needs of established formal markets currently undersupplied. We are honing our skills in new commodities, able to expose students at the campus to these and meeting international market needs. The installation of a 16ha Centre Pivot irrigation system will enable us to grow crops throughout the year.

BFS recognises the importance of generating a profit to ensure the long-term survival of the Academy. This is achieved by launching enterprise development projects of graduates' businesses. Secondly, we focus on the supply chain development for markets especially in niche products.

A holistic approach to agriculture paves the way to higher food production and stable employment throughout the industry. The BFS contracts are with large industry players processing for local and international markets, and are Buhle's first step in learning how to benefit from every aspect of the agricultural value chain, including, ultimately, launching our own processing facilities.



It's not only the size of one's farm, but also what we do with it that counts.

Our farmers' stories

Botshabelo Investment (Pty) Ltd

Farmers: November and Jeremiah Nkosi, 1500ha

Province: Mpumalanga - Amersfoort

Current Production: 900ha sugar beans, soya beans and maize, 120 cows, 50 sheep, 80 goats

Previous Production: Negligible

Buhle Course: Crop Production, Poultry Production

Jobs Created: 11 permanent **Market:** Formal

Brothers November and Jeremiah Nkosi received the "Star of Buhle" award, which recognises exceptional alumni, at our graduation ceremony in November 2018.

The pair had no farming skills whatsoever when they were granted a 1500ha farm in Amersfoort, Mpumalanga, by the Department of Land Reform, in 2007. Recognising this deficit, they enrolled at Buhle to make their farm a success.

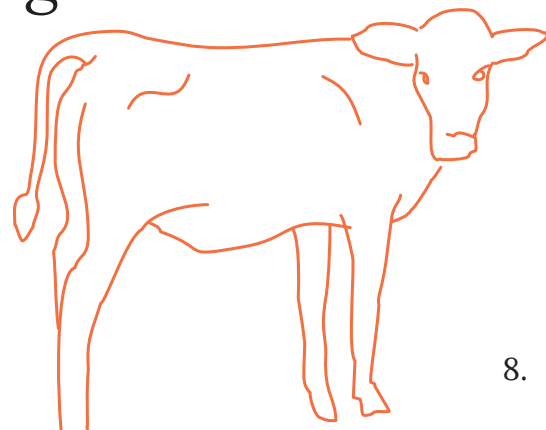
They now run a commercial operation, Botshabelo Investment (Pty) Ltd. This makes sufficient profit to support their two families of 12 people, employ their workers and budget for planting, harvesting and ongoing improvements.

"Buhle gave us all the skills we have and opened our eyes to new ways to farm. Their encouragement also made a huge difference when we faced challenges," said November.

"Our message to new farmers is to plan properly, set timelines and goals beforehand, and to persevere in solving problems and expanding your farm."



"How we built up
our thriving
agribusiness"



Mupulani Trading and Products (Pty) Ltd

Farmer: Livhuwani Munyai, 10ha

Province: Venda - Ramukhuba

Current production: 8 200 butternut and mustard spinach

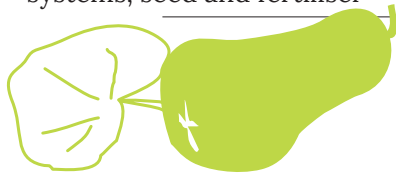
Previous production: None (due to water problems)

Buhle course: Vegetable Production, Record-keeping and Marketing

Market: Informal and formal

Jobs created: 2 permanent

Grant: R100,000 for mechanisation hire, irrigation systems, seed and fertiliser



“Reaping a solid profit for the first time”

For the first time, Livhuwani Munyai (29) is making a solid profit from her vegetable harvest this season, due to the substantial boost that the Nedbank grant has made to her operations. She is making a healthy profit, enough to plough back into her business, and contribute towards supporting her mother, siblings and her brother's two children.

She and her husband farm butternut, cabbage and mustard spinach on 4ha of their 10ha property in the small village of Ramukhuba, in Venda. The business, Mupulani Trading and Products (Pty) Ltd, is now registered business, with financial records, farm activity records and a dedicated business account.

“If you have nothing, you can't start anything,” she comments wryly. “But the grant I received enabled me to hire machines to clear the land, hire a tractor to prepare it, plough, weed, buy an irrigation system, seed and fertiliser.”

“Buhle's farmer support officers have come to visit me about seven times in six months. They are always monitoring us; they are very strict,” she laughs. “They are also always available. If I phone, someone answers immediately.”

Inhlakanipho Projects and Farms

Farmer: Bhekifa Matshenja, 1.5ha

Current production: 6 000 Broiler Chickens

Buhle course: Poultry Production

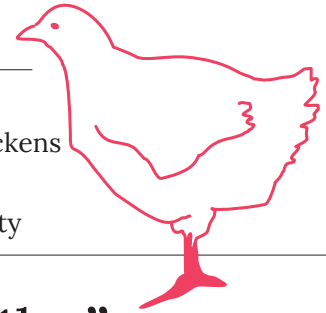
Jobs created: 2 permanent, 6 short-term

Province: Gauteng - Eikenhof

Previous production: 1 500 Broiler Chickens

Market: Informal and Formal

Grant: R100,000, for cold-storage facility



“Making a good living from just 1ha”

Bhekifa Matshenja (34) is proving that it is not only the size of the farm but also its arability, location and the aptitude of the farmer that determine its viability.

He has just one hectare in Eikenhof, 30km outside Johannesburg, on which he has erected two houses for broiler chickens, digging vegetable plots between them. It has taken several years, but he is now making a good living and has innovative plans for expansion.

“I farm intensively and am close to markets, which means I can earn a good salary every month. It enables me to support my family, pay my one permanent and three temporary workers, and save for my farming business and my children's education.”

“I want to be able to sell chisa nyama (braaiied chicken), so I'm now constructing an abattoir, and will take the chickens, with a stove and pots, to townships on a trailer, so that we can cook it and sell to passers-by in Soweto.”

“The Farmer Support Officers have come to advise me on how to overcome many challenges. This has helped me and is also helping others, because most of my neighbours now come to me for advice.”



Thanks to our donors

farmers exist because of you!



Audited Financial Statements

Buhle Farmers' Academy (2004/016680/08)

Association Incorporated in terms of Section 21

Statement of Cash Flows

	2018/12/31	2017/12/31
Cash flows from operating activities		
Surplus for the year	3 943 852	904 798
Adjustments for:		
Depreciation of tangible assets	465 616	450 596
Investment income	-114 829	-69 175
Loss on disposal of property, plant and equipment	-11 650	45 370
Operating cash flow before working capital changes	4 282 989	1 331 589
Working capital changes		
Decrease in inventories	243 986	97 364
Decrease/increase in trade and other receivables	-359 111	181 539
Net cash flow from operations	4 167 864	1 610 492
Investment income	114 829	69 175
Net cash flows from operating activities	4 282 693	1 679 667
Cash flows used in investing activities		
Property, plant and equipment acquired	-1 082 864	-127 000
Proceeds on disposals of property, plant and equipment	11 650	-9 952
Movement in other current asset	-	-247 191
Net cash flow used in investing activities	-1 071 214	-384 143
Cash flow used in financing activities		
Loans to operational company	-1 030 114	-1 930 049
Net cash flow used in financing activities	-1 030 114	-1 930 049
Net (decrease)/increase in cash and equivalents	2 181 365	-634 525
Cash and cash equivalents at beginning of the year	1 896 070	2 530 595
Cash and cash equivalents at end of the year	4 077 435	1 896 070

Audited Financial Statements

Buhle Farmers' Academy (2004/016680/08)

Association Incorporated in terms of Section 21

Statement of Financial Position

	2018/12/31	2017/12/31
Assets		
Non- Current Assets		
Property, plant and equipment	2 539 069	1 921 821
Loans receivable	2 960 163	1 930 049
	5 499 232	3 851 870
Current Assets		
Inventories	60 223	304 209
Trade and other receivables	527 687	168 576
Cash and cash equivalents	4 077 435	1 896 070
	4 665 345	2 368 855
Total Assets	10 164 577	6 220 725
Reserves and Liabilities		
Reserves		
Retained earnings	10 164 577	6 220 725
Total Reserves and Liabilities	10 164 577	6 220 725



"My farm in Mableskraal, in the North West province, enables me to support my family of five and, to some extent, my extended family of 20 people.

"I have 68 cattle and 26 goats on my 480ha, and the grant I received through Buhle-Humulani project enabled me to buy 50 pigs and 10 young Bonsmara cows. I also now have a structure that holds up to 70 pigs, and a water tank, with a pressure pump and water lines."

Oleboheng Nte



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