

## **PARTNERING, POVERTY REDUCTION AND RURAL ENTERPRISE ADVANCEMENT**

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### **ABSTRACT**

*NEPAD's (New Economic Partnership for African Development) overall vision for agriculture seeks to maximize the contribution of Africa's largest economic sector to achieve self-reliant and productive economies. In essence, NEPAD aims for agriculture to deliver broad based economic advancement, to which other economic sectors, such as manufacturing, petroleum, minerals and tourism, may also contribute in significant ways, but not at the same level as agriculture. Agriculture has been identified as the vehicle through which Africa will have to alleviate its poverty, hunger and food insecurity problems.*

*Given this scenario, the University of Fort Hare (UFH) has, through its establishment of the Rural Enterprise Advancement Programme (REAP) and its implementation through the Nguni Cattle Project and the Agri-Park Business Training Programme, restructured its agricultural research, training and community partnering activities and established a strong partnering relationship with NEPAD Council.*

*The main focus of REAP, as advancement programme, is to actively and constructively contribute to:*

- i) Cost effective harnessing of the best available expertise and knowledge;*

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- ii) *fulfilling all its functions optimally through the creation and fostering of purposeful and effective dynamic relationships or linkages – both of strategic and operational value;*
- iii) *organically growing, developing and replicating rural enterprises in other areas at the best possible costs; and*
- iv) *building a frame of reference for purposeful agricultural and agriculture related business and social growth research, training and community partnering programmes.*

*Agricultural extension has now (through the design and implementation of REAP) started with new strategies to create opportunities for greater participation in agriculture as well as greater sustainable wealth creation opportunities for small-scale farmers.*

## **1. INTRODUCTION**

Poverty is increasingly becoming the most important cause for a multitude of social and economic disasters worldwide, the magnitude of which is affecting close on 70% of the world population (World Development Report, 2003:83). In Africa, per capita food production has declined in most years since 1970 and is reflected in recurrent famine (Feder, Willett & Zijp, 1999).

This sentiment is echoed by Brooks (2002: 6) who maintains that, while agricultural output is growing in Africa, productivity, as measured by the average productivity of agricultural land and labor, has declined over most of the last two decades. Rising agricultural productivity is widely regarded as the first step in the process of agricultural transformation and achieving the poverty reduction objectives will require a reversal of the observed productivity trends (Brooks, 2002; World Development Report, 2003:83).

Ensuring a thriving agricultural economy is critical for reducing poverty, enabling food security and managing natural resources in a sustainable fashion, thereby influencing the economic well being of between 60 and 80 percent of developing country populations (Feder, Willett & Zijp, 1999; Strategic Plan for South African Agriculture, 2001). At the highest level, NEPAD (New Economic Partnership for African Development), as policy making body of the African Union (AU), has identified agriculture as the vehicle through which Africa will have to

alleviate its poverty problems. (Comprehensive African Agricultural Development Programme, 2003).

Four specific thrusts for improving Africa's agriculture are outlined:

- i) Extending the area under sustainable land management and reliable water control systems;
- ii) Improving rural infrastructure and trade related capacities for market accesses;
- iii) Increasing food supply, reduce hunger, and improve responses to food emergency crises;
- iv) Improving agriculture research, technology dissemination and adoption.

It therefore seems imperative that future economic and social development needs to be considered in the light of production, marketing and micro-enterprise development of poor people in the rural sector (Feder, Willet & Zijp, 1999; Rivera & Qamar, 2003). This has important implications for agricultural extension, being an important role player in the process of economic and social development of rural communities.

## **2. INFRASTRUCTURAL SHORTCOMINGS**

In the Eastern Cape communal farming contributes  $\frac{1}{3}$  of the total land area and supports 63% of the six million inhabitants. This area is also afflicted by the twin socio-economic ills of poverty and unemployment, the latter close to 50%.

Over and above these eminent challenges, certain inherent realities present in the South African agricultural servicing sector also create a set of factors that cannot be ignored when contemplating, designing or implementing poverty reduction measures:

- i) Current support systems are struggling to keep up with the latest technology and market demands necessary to keep the wide range of commodities in the commercial farming sector abreast of

global competition. A major limitation, however, is its inability to respond to the needs of small-scale farmers, the majority of land users in the Eastern Cape Province.

- ii) In spite of more than half a century of intensive research, an effective model to develop and sustain economically viable small-scale agricultural production in southern Africa is yet to be found.
- iii) The growing demands for structural and demographic reform and poverty alleviation together with accusations of an inability to deliver effectively, a questioning of the credible commitment of academic and servicing institutions and lacking competence (leading to a waning confidence and commitment on the part of extension practitioners) is now forcing the issue of a new approach to (and probably a redefining of) the provision of agricultural research, training and community partnering in South Africa.

Redressing inequalities in the South African commercial agriculture sector has received increasing attention over the last number of years and has to a large extent culminated in the establishment of support programmes such as the Land Reform for Agricultural Development Programme (LRAD, 2001) and the issuing of the Broad based Black Economic Empowerment in Agriculture Document (AgriBEE, 2004).

Not only are these programmes placing additional demands on the existing organized agricultural structures, facilities and relationships, but the changes in the complexities of the decision making environment of the primary producer also leads to new demands being placed on the provision and flow of relevant agricultural production research information, skills training and education – with direct implications for agricultural and agriculture related business and social growth research, training and community partnering initiatives in South Africa.

It is increasingly becoming clear that a totally new, radical viewpoint on the agricultural extension strategies and operational programmes that need to be implemented in the Eastern Cape to achieve the much-needed growth, is essential. Functional relationships and the greater opening up of resources will be a fundamental issue.

### **3. PARTNERING AND FUNCTIONAL RELATIONSHIPS – THE PREFERRED WAY TO GROWTH**

Partnering is believed to be valued in its broadest understanding referring to the redesign of “teaching, research, and extension and service functions to become even more sympathetically and productively involved with their communities, however community may be defined” (Nelson, 2000:1). It will include a range of organizational structures from informal unwritten agreements to more formal arrangements codified with memoranda of understanding. The parties involved in the partnership share the benefits and profits as well as the risks and costs of the arrangement.

It is further believed that partnering contracts upstream and downstream is essential to ensure effective implementation of this vision. This will include:

- Partnerships with other universities,
- Community partnerships,
- Government and agency partnerships and
- Partnerships with schools and youth organizations.

The School of Agriculture and Agribusiness at the University of Fort Hare has been involved with similar partnering exercises on limited scale for many years. Many situational factors, some of which have been discussed earlier, together with the growth and momentum generated through existing partnerships, have had a slowing down effect on furthering this vision and fully achieving the growth objectives envisaged. The main reason for this is the depleting effect of the growth already achieved on the limited available resources.

Recent studies have not only suggested that the current structures of agricultural servicing are insufficient to support or facilitate these proposed changes, but have in fact suggested that new structural and operational models be investigated to facilitate the sustainable implementation agricultural development programmes. Düvel (2002:139) maintains that “a pluralistic system that accommodates different types of service providers, that recognizes their right to pursue their own goals in ways that they deem appropriate, that grants them space to operate and ensures that the contributions and inputs are

complementary in terms of the total development effort” is imperative for addressing the challenges facing agricultural extension in recent times.

This approach is supported by Feder, Willett & Zijp (1999: 21) who maintains that by involving a variety of stakeholders have the potential to help resolve two fundamental generic extension problems - linking cause and effect, and accountability or incentive to deliver quality service.

The aspects of agricultural extension services that tend to be inherently low cost and build reciprocal relationships, are those most likely to produce commitment, accountability, political support, fiscal sustainability, and the kinds of effective interaction that generate knowledge. This constitutes a basic but essential prerequisite for sustainable agricultural development (Terblanché, 2005:166).

It therefore stands to reason that challenges have developed that forces the issue of the establishment of broader partnering structures to:

- House and develop broad based partnering and servicing structures and
- Create functional relationships with the broader African Agricultural and Business Community.

The basic objectives of food and agricultural research, community partnering, and teaching programs are to make the maximum contribution to the health and welfare of people and the economy of the country through the advancement of rural enterprises, to improve community services and institutions, to increase the quality of life in rural areas, and to improve the well-being of rural communities rural people know when something is relevant and effective (Feder, Willett & Zijp, 1999).

The implementation of the commercialization proposals (guidelines) introduced in the AgriBEE proposal document (AgriBEE, 2004) has, however, raised a number of questions and concerns – not least the issue about a sustainable approach to the process.

#### **4. INTRODUCING THE RURAL ENTERPRISE ADVANCEMENT PROGRAMME (REAP)**

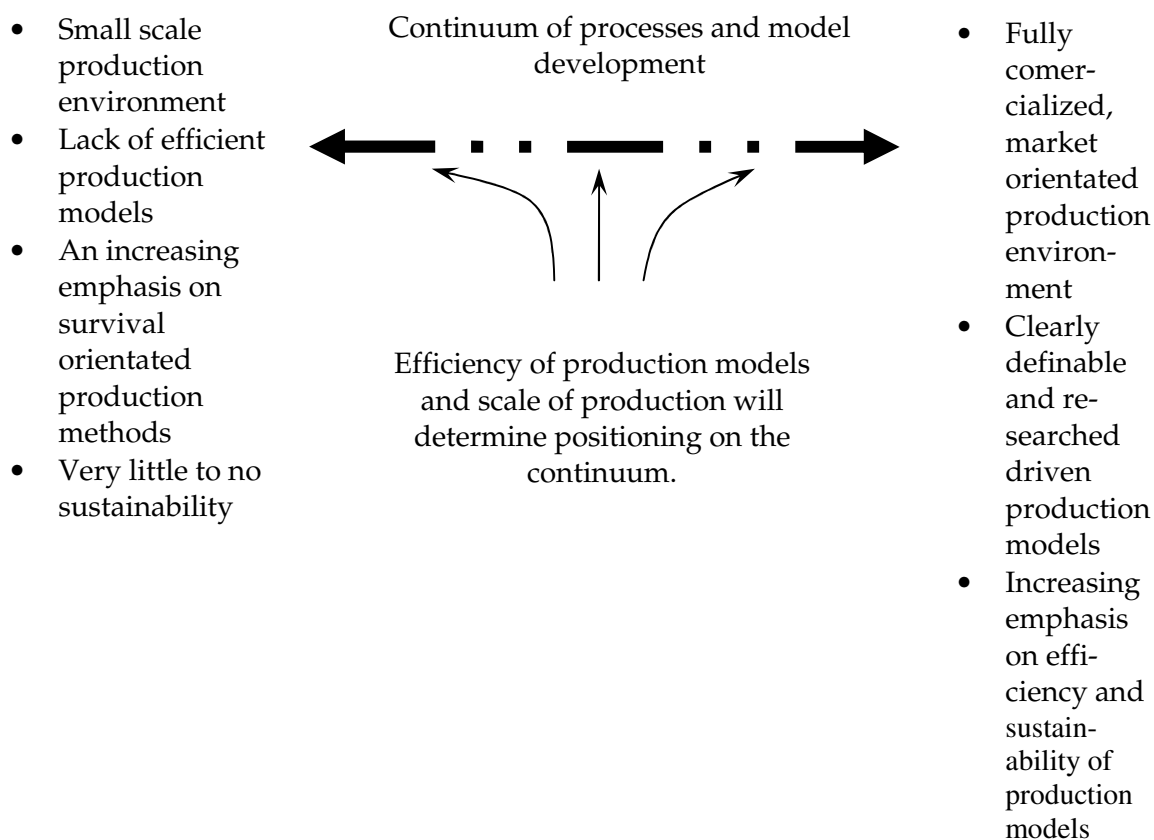
Farming has long been accepted as a “business”, though more challenging due to the uncertainty of the South African climate and general agricultural production environment. For farmers to be successful they will also have to be skilled business people and entrepreneurs. It is therefore clear that the only assurance for long-term sustainable agricultural growth in the Eastern Cape Province is to identify and train black entrepreneurs to become the future farmers, managers, consultants and agribusiness entrepreneurs.

The School of Agriculture and Agribusiness at the University of Fort Hare, bound by its own vision and mission, fosters the thrust to promote conservation agriculture and low input production systems. Over the past 10 years a number of effective, though some still small, models were developed that provided sufficient levels of success at least offering some indications of future routes to follow to achieve rural economic growth through commercialization of agricultural production.

The “commercialization of agricultural production” is viewed as a continuum of processes with small scale subsistence production with its associated decision making and implementation processes, at the one end of the continuum and fully commercialized, market orientated production with its own unique set of decision making and implementation criteria and scenario’s at the other end. Degrees of commercialization and scale of production will determine the position on the continuum. This is illustrated in Figure 1.

In the light of the above and as potentially most sustainable solution to the challenges facing the implementation of poverty reduction initiatives and the achievement of the NEPAD objectives, the ongoing development and implementation of agribusiness models is deemed the most sustainable approach to reducing poverty. This is done through the:

- Evaluation and selection of the most suitable small scale production systems and commodities that will ensure sustainable and attractive profit margins;



**Figure 1: A schematic illustration of the agricultural commercialization process**

- Provision of low cost input alternatives to small scale farmers;
- Development of markets to absorb excess production and generate sufficient profits;
- Development and implementation of value adding practices to increase the profit margins on produce to beyond the normal margins attained in conventional small scale production and value adding systems;
- Provide sufficient training and other support to ensure individual growth in skills, knowledge and decision making capacity in the production process;



- Develop and promote sensible entrepreneurial and farming management skills and decision making to improve independent agribusiness decision-making and to develop an agricultural development momentum igniting growth in the surrounding societies and communities.

The following important partnering models were established do give an indication of the necessary actions that are deemed necessary to create functional partnering relationships to reduce rural poverty:

- i) The Agri-Park Business Training Programme which includes the seedling nursery, community vegetable producing farm and the vegetable processing plant.
- ii) The Nguni Cattle Project which is re-introducing indigenous Nguni cattle to traditional cattle farmers to increase the national Nguni herd.

Other similar models are currently in various stages of implementation. The School of Agriculture and Agribusiness believes that with the necessary support, through its envisaged extended community partnering activities, linkages and relationships, can answer to the challenges and transform the agricultural industry in the Eastern Cape into a global powerhouse, effectively implementing the objectives of the Faculty and realizing NEPAD's vision and principles for agricultural and social growth and sustainability as expressed.

This challenge, together with the NEPAD sentiment of agriculture being the prime intended vehicle to alleviate poverty, has refocused the attention of efforts to establish agriculture as a commercial enterprise amongst black small-scale farmers. For this purpose, important existing functional relationships that have been fostered over a number of years were formalized in order to effectively contribute to this quest. Figure 2 illustrates these relationships.

From Figure 2 the following important aspects should be emphasized:

- i) Partnering relationships were established across the spectrum including training institutions, government institutions servicing

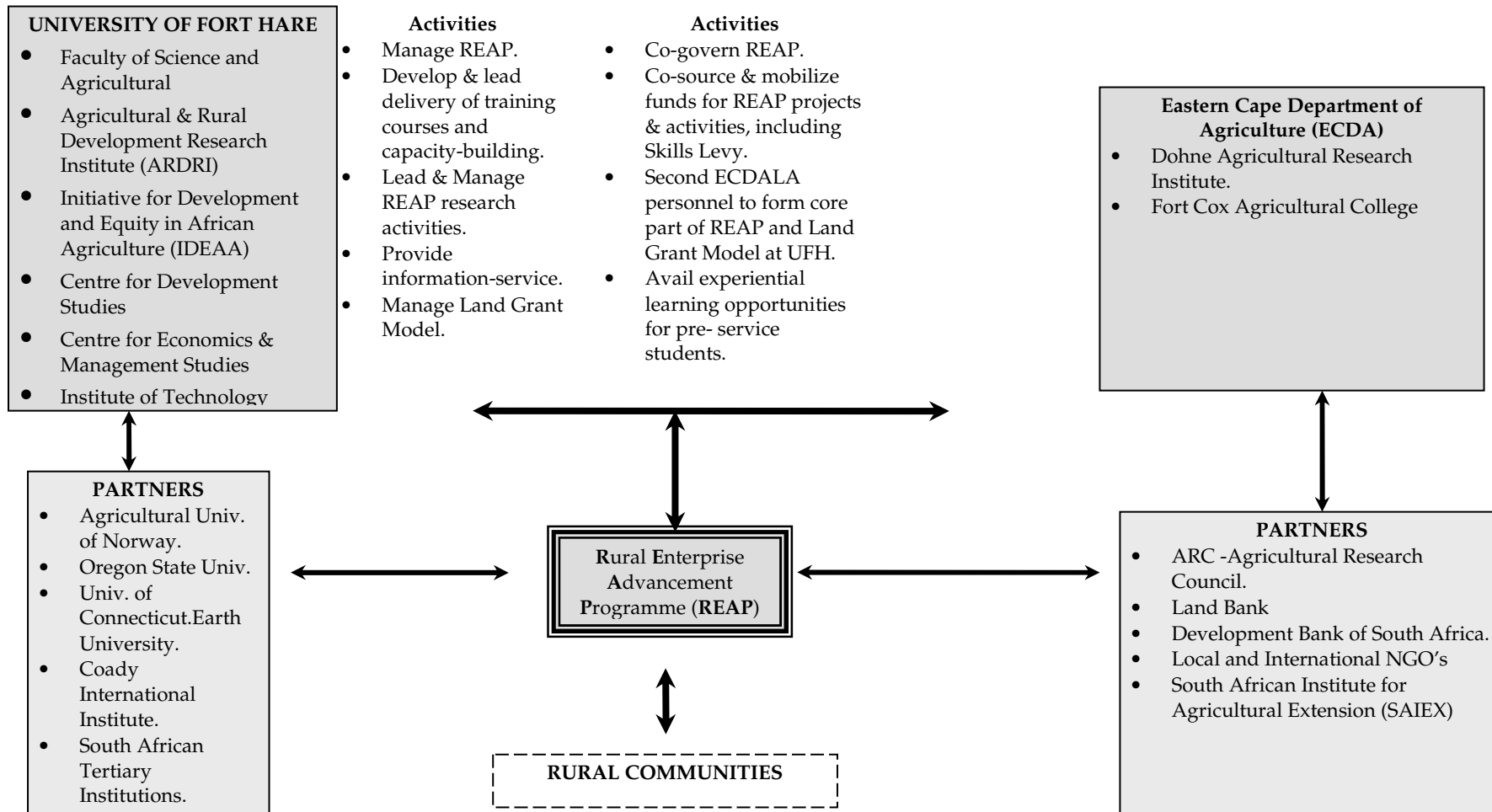


Figure 2: The REAP partnering structure

the agricultural sector and important financial institutions with interests in the agricultural development environment.

- ii) Reciprocal benefit in these partnerships are not limited to the flow of funding, but even more so the establishment of infrastructural and other support structures, to facilitate the functioning of agricultural extension activities taking place in the rural communities serviced by these partnerships.
- iii) These partnerships do not only link role players with each other but also bring the extension servicing structure closer to the communities, thus creating an environment conducive for more participative approaches to extension functioning and research. This is essential for the process of developing sustainable small-scale production models.

Current indications are, that these extension approaches and activities, positively contribute to the establishment of sustainable small-scale enterprises and have fostered the development of the concept of Rural Enterprise Advancement (REA), which seems to bridge the subsistence vs. commercial divide. The integrated and multi disciplinary nature of inputs into the Rural Enterprise Advancement Programme (REAP) necessitated the establishment of good functional relationships to enhance the organic functioning of the partnering structure. Important challenges to improve the efficiency of the extension process in this regard are the:

- Facilitation of a smooth flow of information,
- Provision of effective and objective or task orientated management inputs,
- Clear identification and demarcation of relationships and their functional status and significance;
- Establishment of an environment creating opportunities for professional development;

- Allowing for effective and efficient communication upstream and downstream and
- Continuity in its functionality.

## 5. STRUCTURING AND INTEGRATING AGRICULTURAL EXTENSION TRAINING AND PARTNERING PROCESSES

Research results over many decades have suggested that agricultural production is the result of a process of interaction between a number of dependent and independent variables, mediated by a decision-making process that is, in turn, influenced by a number of intermediate variables (Düvel, 1991) and is clearly illustrated in Figure 3.

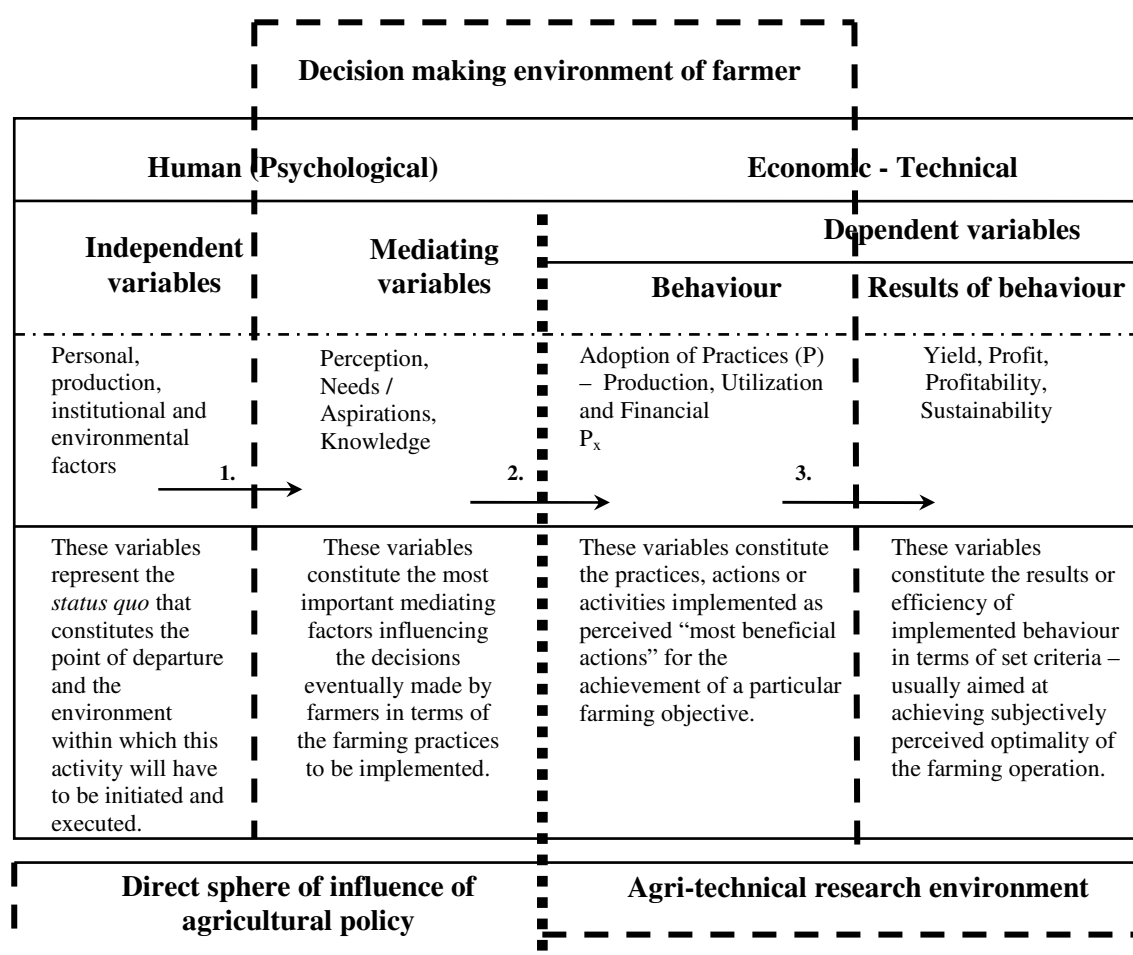


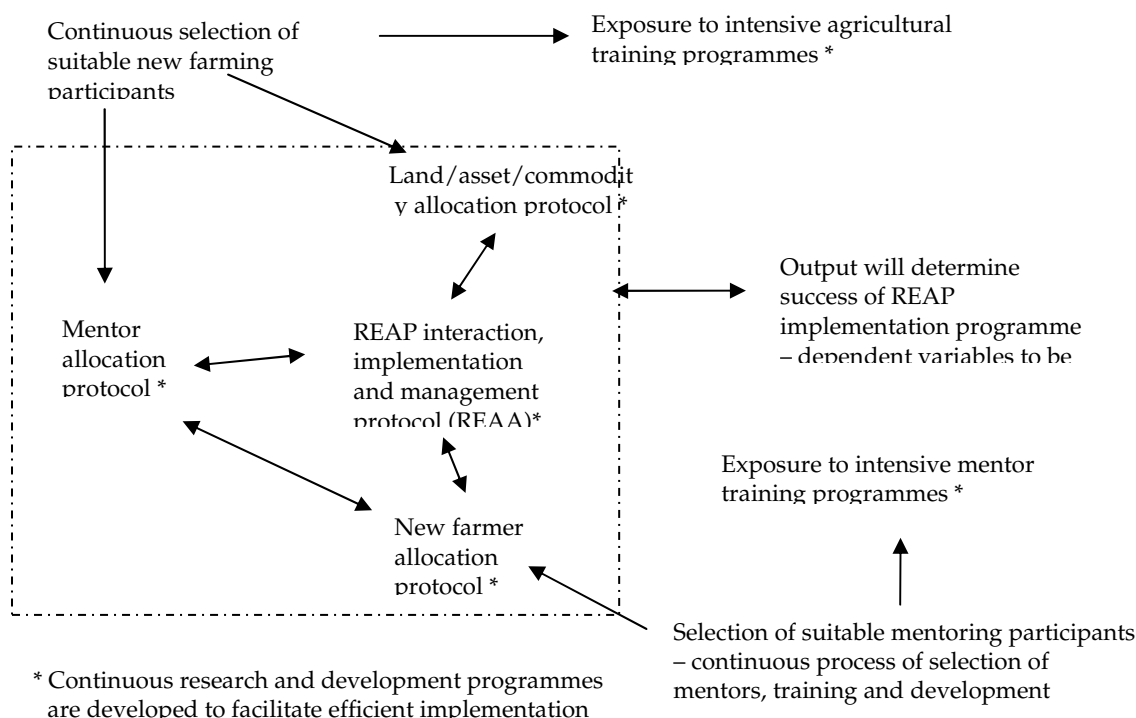
Figure 3: Operational and research environment of the agricultural extension practitioner

This complex system of interrelationships also constitutes the operational environment of the agricultural extension educationist and researcher investigating the efficiency of adoption patterns and practice applications of farmers. Probably the most important feature rising from this constellation of factors is the complexity of the decision making environment of the farmer. This derives mostly from the fact that farming decisions more often than not straddle into both the spheres of influence of agricultural policy and agri-technical research – each governed by its own set of objectives. This creates a decision making environment for the farmer where careful consideration of, sometimes conflicting, matters becomes essential and where crucial support structures play a vital role.

This also holds true for the Rural Enterprise Advancement Programme. A formalized system of purposeful selection and mentoring of new incumbents is important and is implemented through the partial implementation of a number of parallel running programmes aimed at mutually supporting each other and ensuring the creation of a virtual safety net to increase the potential for success and decrease the trauma of negative outcomes. The main reasons for this partial implementation mainly arise due to insufficient available funding to ensure the extension support structures necessary for complete implementation. Figure 4 provides a schematic illustration of the envisaged implementation process.

From Figure 4 it is clear that inputs at various levels are essential for successful implementation namely:

- 1) Inputs at entry level through a system of continuous selection of new incumbents on the basis of them having the greatest probability of making a success in the commercial agricultural environment.
- 2) Structuring and monitoring the purposeful flow of relevant informal knowledge, expertise and decision-making skills through a closely monitored mentoring programme.
- 3) Improving overall knowledge levels and decision-making skills through the implementation of formal training programmes at various levels deemed relevant to the process. This includes



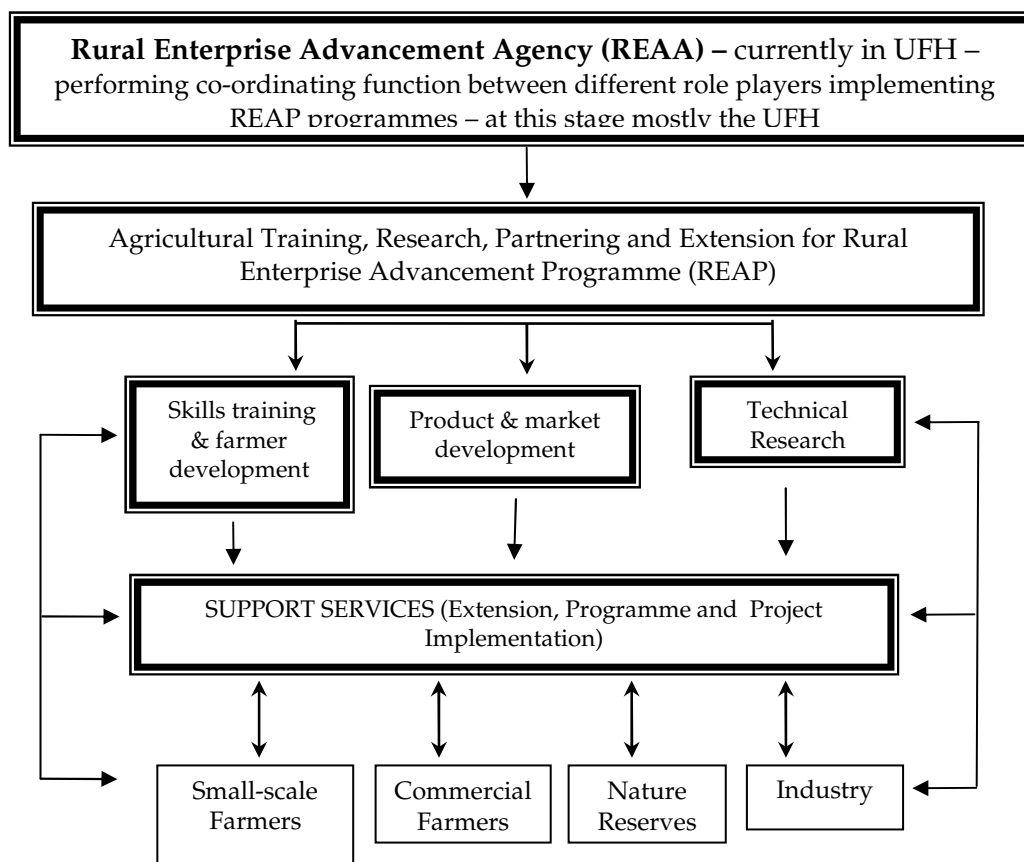
**Figure 4: The complete REAP implementation process**

higher education degrees and diplomas as well as structured workshops and short courses to facilitate the process.

- 4) Limited financial empowerment incentives and schemes aimed at smoothing out risk profiles associated with decisions and actions are currently envisaged. The idea is to protect agricultural industry against excessive negative outcomes.

With the influx of a multitude of service providers, proper coordination (performed by the Rural Enterprise Advancement Agency (REAA)) is essential to prevent duplication or working at cross-purposes, which usually results in a greatly reduced extension impact. (Düvel, 2002: 139) The structuring of this coordination process is illustrated in Figure 5.

Within the environment created with the functional implementation of the REAP, the challenge to develop the most sustainable implementation mechanism of poverty reduction initiatives and the achievement of the NEPAD objectives, the following considerations constitute the main tasks deemed essential for efficient functioning:



**Figure 5: Institutional and functional implementation of REAP**

- Design differentiated strategies to reduce poverty and food insecurity.
- Pursue approaches that recognize diverse livelihoods.
- Implement programmes to strengthen producer capacity.
- Focus on the development of human and social capital.
- Establish social safety nets to enhance food security of the very poor.
- Ongoing development of agribusiness models – most sustainable approach to reducing poverty, by :
  - Improving the efficiency of general agricultural production;

- Creating marketing opportunities for excess production; and
- Adding value to agricultural produce in order to increase profit margins to the farmer.

Some of the more prominent relevant issues that are impacting on the pursuing of the implementation of the REAP are:

- 1) Increased socio-political interest in the equitable distribution and economic utilization of primary and other natural resources – with its potential to change the social order in primary production areas and impact on primary production patterns.
- 2) Increased conflict between commercial and environmental concerns in the primary production environment and process – with its potential impact on the sustainability of primary production. The increasing interest in the sustainable economic use of natural resources has thus by implication expanded the horizons of the extension challenge.
- 3) Continued and increasing discrepancy between the agro-technological knowledge base and the adoption of such improved production practices – with its potential to impact on the yield and profitability of primary production, its sustainability and eventually the success of the implementation of the REA programme.
- 4) The rapid and often drastic changes occurring in the social spheres of the primary production environment and the influence/s of these changes on rural communities and their sustainability.

## **6. IMPLICATIONS FOR AGRICULTURAL EXTENSION**

Rivera & Qamar, (2003) gives very good account of what is perceived to be the extension thinking required for addressing the poverty problem when categorically stating that a new vision for extension is needed – “one that views extension as a main pillar in serving the public good of food security, taking into account the immediate and potential impact of external forces, such as globalization and trade liberalization”.



- REAP constitutes an important movement towards the involvement of the University of Fort Hare as academic institution performing an active extension function as part of its community partnering activities and extension training programmes. This is an important movement towards an agricultural servicing model for the University of Fort Hare similar to the land grant model practiced in the USA. In terms of its potential contribution towards the development of the extension science in South Africa it could become a significant one in the context of its involvement in the agricultural extension environment.
- The institutional structuring and participation model created with the implementation of REAP constitutes an important movement towards:
  - constructive involvement of various role players from various relevant sectors in focused agricultural extension partnering activities with the common objective of poverty alleviation, and
  - more purposeful channeling of development funding in favour of agricultural development and the alleviation of poverty in rural agricultural environments. More of the funds actually reach the primary producer who is the intended beneficiary.
- In terms of the selection of participating farmers and the provision of a simulator type environment for extension training and research, REAP constitutes an important movement towards interactive extension partnering, research and training programmes through the establishment of direct involvement structures. This is further enhanced through the active participation from NEPAD Council, which now creates an environment where the NEPAD objectives can be implemented and managed at ground level.

All these aspects, together with their potential impact on agricultural development, create an environment conducive for purposeful agricultural extension practice and research whilst fostering a system that ensures greater financial benefit of development funding to intended beneficiaries.

## 7. CONCLUSION

The establishment of the Rural Enterprise Advancement Programme (REAP) is an important continuation of the involvement of the University of Fort Hare in the promotion of the growth of the South African developing agricultural sector through increasing participation in commercial agricultural activities in an attempt to reduce poverty and increase purposeful job creation.

It clearly stands to reason that REAP, as advancement programme, will only come to its full potential if it constructively contributes to:

- i) Cost effectively harness the best available expertise and knowledge;
- ii) Fulfill all its functions optimally through the creation and fostering of purposeful and effective dynamic relationships or linkages – both of strategic and operational value;
- iii) Organically grow, develop and replicate the programme in other areas at the best possible costs; and
- iv) Build a frame of reference for purposeful agricultural and agriculture related business and social growth research, training and community partnering programmes.

Where efficiency of production was the only keyword in the past, it is now necessary to change the focus to a wider participation in efficient agricultural production. This means that extension might have to endeavor new strategies to create opportunities for greater participation in agriculture as well as greater wealth creation. REAP now offers an important opportunity to purposefully develop, implement and enhance opportunities for small-scale farmers to become involved in the commercial agricultural sector on a sustainable basis.

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