



# Giving new farmers the hope they need to succeed

Peulwana Agricultural Financial Services, funded by the MAFISA scheme of the Department of Agriculture, Forestry and Fisheries, is the brainchild of the late Mrs Ntombi Msimang and Dr Romanus Monji. The company has given many new farmers in South Africa the hope and support they needed to turn their farming dreams into reality. **Denene Erasmus** reports.

The idea to start Peulwana Agricultural Financial Services (Peulwana) started with the late Mrs Ntombi Msimang who died in 2014. Apart from being one of the founding members and a managing director of Peulwana, Msimang also served as chairperson of the National Agricultural Marketing Council and the Agricultural Sector Unity Forum.

Dr Romanus Monji, who is the co-founder and chief operating officer of Peulwana, says the upliftment of small-scale farmers, and women farmers

in particular, was Msimang's passion, and those farmers who crossed her path found hope and encouragement in her tireless efforts to find them the support they needed. One incident that Monji can still recall vividly was when Msimang was invited to visit small-scale sugar farmers, who were all farming on less than 5ha of land on KwaZulu-Natal's remote Makhathini Flats.

"The farmers were in dire need of support, and looking at their situation from an economist's perspective, we thought it was too risky, and

**ABOVE:** Zivuseni Agricultural Co-operative was able to purchase this Landini tractor thanks to the continued financial support provided by Peulwana.

PHOTOS:  
DENENE ERASMUS

that if we gave them production loans, we would probably never get the money back. Mantombi, as she was known to us, had a different perspective. She said, 'If we don't help them, then who will?'"

And, says Monji, she was right to have faith in these farmers.

"We started providing production loans of R70 000 to R80 000 to these farmers of which they had to pay back R10 000 per year, and for the most part it was successful on all fronts; the farmers have been able to produce enough sugar cane to service their loan repayments, and because they were given





access to finance, some of them have been able to expand the area on which they farm."

They still mourn the passing of Msimang, says Monji, but by continuing the work she started with Peulwana, they are honouring her memory.

#### A MORE FLEXIBLE APPROACH

Peulwana was started in 2009 as a service provider that operates under the Department of Agriculture, Forestry and Fisheries' Micro Agricultural Financial Institutions of South Africa (MAFISA) scheme to provide financial support to smallholders and emerging farmers. So far Peulwana has supported 300 farmers, not counting repeat borrowers, with production loans. The value of loans is usually between R250 000 and R350 000 per person, but Peulwana has also issued loans for as little as R20 000. The maximum loan amount allowed through the MAFISA scheme is R500 000.

**ABOVE:** The late Mrs Ntombi Msimang established Peulwana Agricultural Financial Services to realise her vision of providing new and small-scale farmers, and women farmers in particular, with the financial support they needed to help their businesses grow and succeed. FW ARCHIVE

Some of the criteria they look at when assessing loan applications is that the applicant has to be a full-time farmer who is present on the farm, he or she must have at least some basic infrastructure and equipment that will make it possible to work the farm, and there must be some proof of security of tenure. The farmer must also be able to show some proof of where the produce will be marketed. A maize farmer, for example, must be a member of his or her nearest co-op where the maize can be delivered.

"We've found that one of the greatest hurdles new farmers face is having to make a 100% repayment of a production loan after just one season. By offering these farmers a more flexible repayment schedule, they are able to reinvest some profit into their farms and to ultimately become independent and start growing their businesses," says Monji.

Without sympathetic financial support, Monji adds, a new farmer will almost certainly

not be able to recover from a setback such as hail damage or drought. It was this realisation, says Monji, that inspired Peulwana to approach lending to new and small-scale farmers on a case-by-case basis.

#### RECOVERING FROM DISASTER

A group of five farmers, who have been able to realise their farming aspirations thanks to financing support from Peulwana, is the Zivuseni Agricultural Co-operative. They started off as a small egg-producing business in the Duduza township west of Nigel on the East Rand, but have since moved to a 180ha farm outside Nigel, which they rent from the state, where they run a successful mixed farming operation comprising layer hens, livestock and crops.

Zivuseni project manager Themba Congwane says they were lucky to be given access to land by the Department of Rural Development and Land Reform, and have also benefitted from the mentorship provided by commercial farmers in the area. However, one of their biggest challenges was getting access to financing, and their applications

#### 'NEW FARMERS NEED FINANCIAL SUPPORT TO GET STARTED'

were turned down by a number of financial institutions. Luckily their paths crossed with Peulwana, and the company has been providing them with production financing for the past four years. Congwane says they are usually able to repay their production loan immediately after harvesting, but in the 2015/2016 production year they lost their entire soya bean crop to hail.

"We were able to plant the crop with the MAFISA loan we got through Peulwana, but





**LEFT:** Since he started farming a few years ago, Herbert Mabuza says he has found that 'farming is a guzzler of money', and that, as a new farmer, 'you really need financial support if you are ever going to get started in this business'.

we couldn't afford to insure the crop. The crop was looking so beautiful, but just before the soya beans were ready for harvesting, the entire crop was destroyed by hail. We harvested nothing. It was so painful."

Instead of walking away, Peulwana extended the loan repayment and refinanced them to plant again. This helped them get back on their feet, and while it has not been easy, they have since grown the business every year.

"With support from the Department of Rural Development and Land Reform we've just finished putting up a second chicken house on the farm, which will enable us to increase the number of layers we keep from 6 000 to 16 000," says Congwane.

### AN EXPENSIVE BUSINESS

It is not only small-scale farmers such as the Zivuseni Agricultural Co-operative that would struggle to establish and grow their businesses without the support of a finance institution such as Peulwana. New commercial farmers can face an equally frustrating struggle when trying to access financing. This is what Herbert Mabuza, former managing editor of the *Sowetan* newspaper, found out when he traded his successful career in the media industry for farming.

Having always been fascinated by farming and wanting to know where the food he ate came



**ABOVE:** Themba Congwane, project manager for Zivuseni Agricultural Co-operative, says their farming business would have struggled to recover after suffering massive crop losses due to hail if it weren't for continued financial support from Peulwana. SUPPLIED

from, he decided to pursue his "second career", as he calls it. Mabuza started looking for a farm to buy in 2007, and soon found a 1 066ha crop and livestock farm near Randfontein, which belonged to Boet Reyneke. However, it wasn't until 2014 that he began farming permanently.

"While I was still at the newspaper, I started living the secret life where I would often go out and spend time on the farm learning from Boet."

In 2014, a fire broke out on the farm that threatened to destroy the maize on the land at the time. Mabuza was not on the farm when this happened, and it was this incident that finally convinced him that he needed to be on the farm all the time.

"I had hoped that I would have saved up enough to just

put my own money into planting maize, but I soon found that this wouldn't be possible; it was just too expensive to plant."

Before he started receiving support from the Senwes Development Programme, he approached a number of commercial banks to get a production loan, but none of his applications were successful and this left him very frustrated.

Eventually he approached Peulwana, which was able to give him the financing he needed to get a crop in the ground.

"I know now that farming is a guzzler of money and as a new farmer you really need financial support if you're ever going to get started in this business."

Over the last few years, Mabuza has only grown more convinced about agriculture's potential to help grow South Africa's economy, and particularly about the role the sector can play in providing opportunities for the youth. But, he says, this will only be possible if solid support structures are put in place.

"Institutions like Peulwana should be given greater scope to expand the work that they are doing. They work with farmers, they listen to them and they understand what their needs are."

According to Monji, the 300 farmers that Peulwana has been able to support is nothing when compared with the need that exists for financing support amongst small-scale and new farmers. They would like to do more, but in order to expand their services, they first need to raise additional working capital.

"We want to continue to implement Mantombi's vision by providing continuous support to more of those farmers who would otherwise not be able to access the financing they need to get their farming businesses off the ground. We would like to reach out and invite institutions to partner with Peulwana to fund emerging farmers."

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