



SHARED GROWTH  
**CHALLENGE  
FUND**

|                                |   |  |
|--------------------------------|---|--|
| <b>Project Title</b>           | TSB Nkomazi Small-Scale Grower Sustainability Project   |  |
| <b>Project Partners</b>        | TSB and Smallholder Sugar Cane Growers in Malelane, Mpumalanga Province   |  |
| <b>Location</b>                | Mpumalanga: Malelane and Komati Mills   |  |
| <b>Funding</b>                 | <b>Business Trust:</b> R2,906,900   |  |
|                                | <b>TSB:</b> R4,371,409  |  |
| <b>Project Challenge</b>       | <p>TSB sugar mill has cane delivery agreements with 1243 small scale growers (SSGs) growing cane on 10,000 hectares of communal land. These SSGs are organised into 36 irrigation projects and they all have supply contracts with the sugar mill. Over the past ten years, SSG cane production has fallen by nearly 29% despite the area under cane increasing. Optimal utilization of milling capacity is a major profit driver for a sugar mill, so declining production volumes are undermining profitability. SSGs have the potential to produce an additional 400,000 tons of cane. The project aims to address the smallholder farmers' institutional issues affecting this productivity and limited re-investment.</p> <p>The proposed project aims to address the systemic issues affecting SSG production: scale economies and collective action in communal areas. Small farm sizes (average 7.3ha's) and declining margins have resulted in low investment levels in crop and irrigation infrastructure. The ability of a farmer to expand is constrained by land tenure and group farming, both of which constrain crop production and undermine incentives to invest and grow farming operations. Communal management of irrigation infrastructure has compounded the underinvestment in irrigation infrastructure and maintenance, often resulting in crop damage.</p> <p>The approach is to ensure institutional innovation precedes technical innovation. All too often institutional solutions are ignored in favour of technical solutions. SGCF grant funding will be used to contract an independent team of facilitators to implement institutional change by assisting growers to identify and implement business solutions. Specifically, this involves encouraging the development of land rental markets in communal areas, whereby strong entrepreneurial farmers can gain access to the unutilised land needed for investment and growth. It is anticipated that the project innovations will result in long-term sustainability and increase cane production, benefiting growers (R120 million) and result in long term sustainability and increase in cane production, benefiting the SSGs and TSB.</p> |  |
| <b>Expected Project Impact</b> | <ul style="list-style-type: none"> <li>• 8,452 project beneficiaries</li> <li>• Increased income for small scale growers of R120 million over longer term</li> <li>• Additional 1,172 labour units</li> <li>• Increased sugar mill profitability and SSGs income from cane off-take</li> </ul>  |  |