

COMMERCIALIZATION, DE- AGRARIANISATION AND THE ACCUMULATION / REPRODUCTION DYNAMIC:

**Massive maize production schemes in the
Eastern Cape, South Africa**

Accelerated and Shared Growth Initiative of South Africa maize scheme.

- The AsgiSA maize scheme in Ongeluksnek valley-a success story.
- Rural Villages of Litichareng, Thaba Chicha and Motseng (Moeketsi Reserve)
- The scheme requires villagers to consolidate their arable fields into larger blocks of land which can be 'efficiently' cultivated by private contractors using machinery and agro-chemicals.
- Villagers are not involved in decision making, but receive 10% of gross income in return, while 'learning about' commercial production.
- In practice, however, costs are high, and very little surplus is available for redistribution to the beneficiaries.

Framing propositions

- The wider literature on contemporary forms of ‘agro-industrial’ farming systems suggests that high levels of mechanization and capitalization of commercial maize production result in high costs and low net returns per hectare, and hence pressures on farmers to expand the scale of production.
- These pressures may underlie both the dramatic reduction of maize production by small scale farmers in the Eastern Cape in recent decades, as well as the decision to commercialize in AsgiSA-type schemes.
- These schemes do not remove the fundamental tension between the reproduction or accumulation of agrarian capital, on the one hand, and the social reproduction of the rural poor involved in small-scale farming, on the other; they merely re-introduce this tension within a highly mechanized production system.
- Commercialization, for this reason, will not reverse de-agrarianisation, in the sense of rural households reducing their agricultural activity. This experience has wider lessons for foreign investment in large-scale agriculture in contemporary Africa.

Livelihoods in Ongeluksnek Communal Area Villages

Income type	No of households	(%) of households sample	No. of people with livelihood source	(%) of adult population
Permanent jobs	34	27.42	48	10.04
Temporary/contract work	33	26.61	44	9.21
Casual work	27	21.77	38	7.95
Farming	102	82.26	103	21.55
Self-employment (0)	34	27.42	43	9.00
Self-employment (1)	2	1.61	3	0.63
Unemployed	71	57.26	194	40.59

Livelihoods in Ongeluksnek Communal Area Villages

Income type	No of households	(%) of households sample	No. of people with livelihood source	(%) of adult population
Project income	1	0.81	1	0.21
Old age pension	68	54.84	79	16.53
Private pension	0	0	0	0
Disability grant	4	3.23	4	0.84
Child support grant	69	55.65	154	32.22
Remittances (cash)	33	26.61	38	7.95
Remittances (kind)	5	4.03	5	1.05
Other sources	6	4.84	8	1.67

Ownership and cultivation of arable land in Ongeluksnek Communal Area Villages

Ownership & use of arable land	Type of land			
	Field	Percentage	Homestead garden	Percentage
No. of HH which have used land in the previous year	19	39.58	78	63.41
No. of HH which did not use land in previous year.	29	60.42	45	36.59
Total No. Of HH. who own this type of land	48	100	123	100

Reason for not using arable land in Ongeluksnek villages

Type of arable land				
	Homestead garden (n=45)		Field (n=29)	
Reasons for not using land	Count	percentage	Count	percentage
No equipment (fence, tools & machinery)	7	15.56	4	13.79
No labour	5	11.11	0	0
No capital (seeds, fertilizers, herbicides, hiring tractor)	23	51.11	20	68.97
Moved too recently	3	6.67	2	6.90
Poor drainage & fertility	7	15.56	3	10.34
Total	45	100.00	29	100.00

Livestock production in communal area villages of Ongeluksnek

Type of livestock	No. of HH owning livestock	Livestock sales in previous year	Number of livestock (mean)	min	max	s.d
cattle	50	10 (20%)	8.	1	50	7.9
horses	36	0	2.4	1	9	1.8
sheep	22	10 (45.5%)	12.8	1	49	13.8
goats	22	10 (45.5%)	11.1	2	80	16.0
pigs	28	5 (17.9%)	1.7	1	8	1.7
poultry	85	23 (17.9%)	11.5	1	46	9.1

Erstwhile maize producers

Mr Mutaung, erstwhile maize producer

Life history	Born in Thaba Chicha, Matatiele and at the age of 17 started working at a farm in Capetown.
Turning point (Accumulation)	22 year later in 1974 he abandoned the idea of working for a white man, and acquired a second hand tractor from the farms which he used in his rural home (ploughing fields, transporting firewood, etc). In 1980 he bought a new tractor.
Yields in peak (peak years and before Asgisa)	30 x 100kg bags (peak years) only 6 bags recently
Reasons for decline	“Things changed when we started using the hybrid varieties. We never had problems with our seeds. But these seeds cannot be reused and you have to buy new seeds every year. They also need lots of fertilisers. The prices of fertilisers and maize seeds kept going up every time. But t yields kept going down. When AsgiSA came I was now only getting 6 bags of maize from the 30 I used to get...”

Impact of the AsgiSA maize scheme in Ongeluksnek Villages

When AsgiSA came, it came from above, from the chief. We were summoned to an *imbizo* and told there is a company that will chase away hunger. Those with fields were asked to register and so we did register. Since the AsgiSA scheme started, we are still starving nothing has changed. If anything we, at this homestead, rely on the two old-age grants my wife and I get from the government. I don't have a field.

You can't say I have a field when I practically gave it away for free to this company [AsgiSA]. I have nothing. I can't farm now because I don't have a field. They just come and plough, fertilize and harvest and we don't know what happens after that. We never got a cent from our fields.

Impacts of AsgisA maize scheme in Ongeluksnek villages

- In Moeketsi, the AsgiSA contractors have ploughed everywhere such that it is now difficult to identify exactly where the previous boundaries separating one field from the next were. Where they were small patches of uncultivated land before they also ploughed with their tractor, extending some fields, and practically creating fields where none existed before. This is a source of conflict. People will fight over these boundaries.
- Even if I wanted to start using my field again now that AsgiSA left, how will I know where my field starts or ends? I don't even know.

Impacts of the maize scheme in Ongeluksnek Villages

- We don't know how many hectares of our land are under the AsgiSA scheme. We don't even know how much seed, fertilizer or herbicides they use in the fields.
- It's hard, it's quite hard. The people who are really benefiting are the project managers. With us there is no benefit. We don't learn how to farm. I just fold my arms and I see these big tractors, big things coming and coming. I don't think we are gaining any knowledge at all. When they came they said they were going to show us how to do the business. But now we are just folding our arms.
- They harvest in July which is very late. But by that time most people are already starving. When we were still farming we would start eating green mealies from the field in February. Now with these you can't touch the maize at all. You have other people harvesting your own field and taking the maize away. I don't think it's right to have another man harvesting your field

Maize budgets for Grain South Africa and Combud (2010-11 season)

- According to the 2010–2011 COMBUD maize budget, the estimated price for budgeting purposes is R1 350/T while the average commercial yields are expected to be 6T/ha. The costs of production — total allocatable variable costs — are expected to be R7 488. The calculation for income per hectare is as follows: R1 350/ha multiplied by 6tons=R8 100. The profit per hectare is R8 100 minus R7 488 which is equal to R612. To put things into perspective, if these same input costs and price estimates are applied to the GRAINSA ‘poor farmer’ there is a definite loss. Profit is thus R4 608 (expected income) minus the R7 488 (costs incurred under commercial conditions) which translates to a R2 688 loss.
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- This implies that the profitability of maize is highly sensitive to yield and price assumptions. If producers cannot afford inputs or the yields are low for a various reasons, the profitability of maize is very doubtful.

Maize budgets for Grain South Africa and Combud (2010-11 season)

	GRAIN SA	GRAIN SA	GRAIN SA	COMBUD (average)
	Poor	Average	Good	
Yield (t/h)	3.2	4.0	4.8	6.0
Price/ton	R1440	1800	2160	R 1350.
Income	R4608	7200	10, 368	R 8 100.
Costs	R5028			R 7 488.30
Gross Margin	R 420	R 2172	R 5340	R 6 11. 70