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ANNEXURE 1: Structured Questionnaire Used

Questionnaire # _____

A CRITICAL ANALYSIS OF AGRICULTURAL CONTRACTS WITH SMALLHOLDER FARMERS IN SOUTH AFRICA: A CASE STUDY OF WINTERVELD REGION

Department of Agricultural Economics, Extension and Rural Development

University of Pretoria

Dear Farmer:

We, at the University of Pretoria, are conducting a survey sponsored by the National Agricultural Marketing Council (NAMC) on contractual agreements for agricultural market access in South Africa. The main objective of the study is to understand how contractual arrangements are formed, shaped and how can contract farming²³ be best used to ensure that smallholder farmers can benefit from formal agricultural markets. All information provided will be treated as strictly confidential on an individual basis and will be used together with the information provided in the other questionnaires by the researchers to assist the National Agricultural Marketing Council (NAMC) in providing recommendations for coming up with tailor made contract farming models to increase the participation of smallholder farmers in formal agricultural markets and for agricultural marketing policy formulation.

Principal researcher

Killian Banda (MSc student)

Project coordinator

Dr. W. Anseeuw

Supervisors

Prof J.F. Kirsten and Dr. E. Biénabe

²³ Emphasis is mainly on agricultural marketing contracts

Name of interviewer : Killian Banda

Date :

Section 1: General information

1.0 Please provide the following information pertaining to your farming household

1.1 Name of respondent _____ Age _____ Sex _____

1.2 Occupation _____ Address/location _____ Tel/cell-phone number _____

1.3 Spouse occupation _____ Spouse education level _____

1.4 Level of education _____ Do you stay on the farm? _____

1.5 What is the number of children in the family? Males ____ Females _____

1.6 What is the number of children who are staying on the farm? _____

1.7 What is the number of children helping with farm labour? Working full time _____ Working part time _____ (specify)

1.7.1 Please complete the following table concerning your farm labour

Sex of workers	Number of permanent and casual workers hired during the past year (july2009-june 2010)		
	How many permanent workers you have	Seasonal Peak season (planting & harvesting) man days per year	Off-Peak season (man days per year)
Male			
Female			

1.7.2 How much do you pay your permanent workers (per month)? _____

1.7.3 How much do you pay your seasonal workers (per day)? _____

1.7.4 Total number of elder persons staying on the farm _____

1.7.5 What is the number of elders helping with farm labour? _____

1.8 Indicate the three main sources of income for the household in order of importance (from 1 to 3)?

Farming Wage labour Pension Old age grant/child grant Remittance from children/relatives in town Others specify _____

Who are the people involved in each case? Husband wife grandmother/father son daughter

1.9 Please complete the following regarding your professional activities

1.9.1 What did you else do as a professional activity? When? Why did you stop? Please, give a precise image of the activities you practiced during your life, by starting with your first activity.

Professional activities. Please give details (type of work, place professional status)	When started	Till when	What were your working conditions <input type="checkbox"/> revenue per month <input type="checkbox"/> Professional status <input type="checkbox"/> social benefits	Could you save during this period? How much?	What were the reasons for stopping or changing?

1.9.2 What did your spouse or other members of your household do as a professional activity? When? Why did they stop? Please, specify precisely, by starting with her first activity.

Family member	Professional activities (Please, give details (type of work, place, and professional status.)	When started?	Till when?	What were the working conditions at that time? revenue per month? Professional status? Social benefits?	Could he/she save during this period? How much?	What were the reasons for stopping or changing?

Section 2: Land tenure and farming activities

2.0 Please complete the following land use table

	Owned land			If funds were borrowed		Communal land	Rented land		
	Area(ha)	Bought when	Source of funds	Monthly instalments	Interest rate	Area(ha)	Area(ha)	Total annual rentals	Rented to/ from whom
Cropland: Irrigated									
Dry land									
Citrus: Irrigated									
Dry land									
Grazing land (carrying capacity)									
Feedlots <input type="checkbox"/>									
poultry house <input type="checkbox"/>									
pigs pens <input type="checkbox"/>									
(specify carrying capacity)									
Total									

2.1 Please complete the following regarding your cropping patterns for the growing season June 2009-June 2010

From July 2009 to June 2010	Number of ha	Crop 1 From.....to o.....	Crop 2 From.....to	Crop 3 From...to	Crop 4 From.....to	Crop 5 From.....to	Dry land	Irrigation					Is the plot in an irrigation scheme		Source of water	
								Drip	sprinkler	micro-jet	bucket/horse	flood	Yes	no		
Plot 1																
Plot 2																
Plot 3																
Plot 4																

2.2 Please complete the following table pertaining to your productivity for the period July2009 to June 2010

Crop	Area planted	Amount of seasonal labour employed (man days)			Total production (harvested)
		Planting	Weeding	harvesting	

2.3 Please provide the information pertaining to the marketing period from June 2009 to June 2010

Outlets/ Buyer	Crops sold /livestock	Quantity sold (between July 2009 and June 2010)	Frequency of sales	Over which period do you sell your produce to the outlet		Any marketing agreement		How long have you been selling to the buyer	Price at last sale	Lowest price of the year (between July 2009 and June 2010)	Highest price of the year (between July 2009 and June 2010)	Distance from the market	Transport			Transport costs to the market
				Seasonal (specify)	All year round	yes	no						own	collective	Buyer's	
Pick'n'pay																
TFPM																
JFPM																
Hawkers																
Farm gate																
MCC*																
Auction																

*Magaliesberg Citrus Company Ltd (MCC)

2.3.1 Please complete the following on the nature of sales agreement you have with your buyers

Outlet	Crop	Schedule for delivery based on			The agreement is		Is it written		Is the agreement legally binding		How often is the contract renegotiated	Are prices included in the contract		Who initiated the arrangement	Time for payment	Method of payment			How do communicate with your buyers		
		Contract/prior arrangement	spot market / Delivery when production ready	Communication before delivery: from whom: from farmers OR from the market	individual	collective	yes	no	yes	no		yes	No			cash	cheque	Bank electronic transfer	Cell-phone	internet	others
Pick'n'Pay																					
TFCM																					
JFPM																					
MCC																					
Auctions																					

Explain in detail how the prices are negotiated in the contract?

2.3.2 Please complete the following table pertaining to conditions of exchange.

Outlet	Crop/livestock	Conditions of sales/ contractual arrangement				Price	When did this start	Implications for not meeting conditions	Do you receive technical services from the buyer		Do you receive crop pre-financing		Do you receive farm visits How often per year?	
		Specified volumes	Specified quality standards/colour/grade	Specified growing practices	Others specify				yes	no	Cash (amount)	Inputs (amount)	yes	no
Pick'n'Pay														
MCC														
TFPM														
JFPM														
Hawkers														
Farm gate														
Auctions														

2.3.3 Please complete the following pertaining to your market outlet preferences

Indicate on the Likert scale 1-5 where 5 is the most preferred outlet and 0 is the least preferred outlet.

Category	outlet					
	Pick'n'Pay	MCC	TFPM/JFPM	Auction	Take it to the wholesale market in down town-Marabastat	Others (specify)
The price						
Security and continued access to this market?						
product rejected						
quantity of produce sold						
Quality of produce required						
Technical assistance						
Credit						
Ease of selling process						
Business seriousness of buyer						
Respect to payment agreement						
Fast payment						
Other benefits that the grower outlines (detail under this table)						

2.4 What do you see as major deterrence of market access? Explain why?

2.4.1 Are you satisfied with the prices you got for your crops last season for contracted crops (July 2009 to June 2010)? yes no

2.4.1.1 Explain why _____

2.4.2 What types of information do you have on prices? From which source? On which markets?

2.4.3 How do you get market price information?

through cell-phone communication through internet communication through personal networks (specify) _____

others (specify) _____

2.4.3.1 From where?

TFPM/JFPM radio television agricultural magazine/newspaper others (specify) _____

2.4.3.2 From whom do you get that information?

buyer extension officer community member relative in town others (specify) _____

2.5 Do you experience any problems with accessing your buyers? yes no

2.5.1 If yes, which types of problems?

2.6 Please complete the following pertaining to output price variations

Outlet	What is your perception on the price fluctuations Does it fluctuate during the week? Are there huge differences depending on the period? Does it vary differently for different crops?	What strategy did you adopt? Does a contract make a difference? For instances offers fair price for output. Probe
Pick'n'Pay		
Magaliesberg Citrus Company Ltd (MCC)		
TFPM		
JFPM		
Auction		

2.7 Please complete the following questions on post harvest handling

2.7.1 Do you experience any problems when transporting your products? Explain

2.7.2 Do you have a storage house for your produce? yes no

2.7.3 On farm collective storage (explain how it works?) _____ others _____

2.7.4 Does it have cooling facilities? yes no

2.7.5 If not, would you improve your marketing by having cold facilities? yes no

2.7.6.1 If yes, explain why

2.8 Please complete the following table pertaining to produce grading and packing before selling

crop	Do you grade before selling		Specify the grades and standards	Do you do it for a specific market outlet		Which outlets	Do you pack your products		Do you outsource packaging?	Do you do it for a specific market outlet		Which outlets
	yes	no		Yes	no		yes	no		yes	no	

Section 3: Collective action, Extension and Market information

3.0 Please complete the table below pertaining to your (or any member of the family) affiliation to any of the following organisations

Organisation	Name	Purpose of the organisation	Joined when?	Are you still a member		Benefits from joining	Subscription fee (per year)	Meeting times in a month
				yes	no			
Farmer's organisation								
Water use association								
Cooperative								
Stokvel								
Burial society								

3.1 Please complete the following questions regarding extension services

3.1 Do you receive technical assistance

yes no

3.1.1 From whom do you get the assistance?

3.2 Is there an extension officer servicing you area?

yes no

3.2.1 If yes, for which crops/livestock?

3.2.2 Do you know him or her?

yes no

3.2.3 How many times does he visit you on farm?

Often

Seldomly

Not at all

3.2.4 Do you participate in farmers' days?

yes no

3.2.5 Are they organised by the extension officer?

yes no

3.2.5.1 If no, by which institution(s)?

Section 4: Production cost and inputs availability

4.1 Do you buy fertilisers or herbicides or certified seeds on a regular basis? For which crops? Could you estimate your annual cost for fertilisers and herbicides?

4.2 Where do you usually buy these above mentioned inputs? Specify the supplier and his/her location and the transport cost
How many times a year do you need to purchase inputs?

4.3 Please complete the following pertaining to access to production inputs

4.3.1 Can you buy inputs on credit? yes no

4.3.2 From which retail stores or companies

4.3.3 If yes what are the requirements for you to access inputs on credit?

4.3.4 How do you payback the inputs credit?

deduct from sales cheque before you get your money pay after selling crops/livestock others specify

4.4 Do you use your own transport or collective transport to transport your inputs to the farm? If collective explain how it works

4.5 Do you hire ploughing services?

yes no

4.5.1 If yes where do you usually hire these ploughing services? Specify the supplier and his/her location

4.5.2 Can you estimate your annual ploughing costs?

4.6 How did contract or formal marketing arrangement avoided the above mentioned problems and input price variation?

4.7 Please complete the following pertaining to asset possession and access to credit

4.7.1 Please complete the following table on asset possession

Asset	Size/Number	Value when acquired/built	Source of funds	If funds were borrowed	
				Monthly instalments	Interest rate

4.7.2 If you are in need of financial credit, where do you usually get it from?

commercial bank community money lenders savings club local stores others

4.7.3 How much are you charged for borrowing (interest rate) suppose you borrow from?

1. Commercial bank _____ 2. Community money lenders _____ 3. Savings club _____ 4. Local stores _____
 5. Others _____

4.7.4 Can you use some of your assets as collateral?

yes no

4.7.5 With which credit provider?

1 2 3 4 5

4.8 Are you sharing some collective assets for individual farming business?

yes no

4.8.1 If yes which one are you sharing?

4.8.2 How were these collective assets purchase or funded? Please explain

4.8.3 How many farmers are benefitting from it? _____

4.8.4 Can you use the collective assets as collateral?

yes no

4.8.5 If yes please explain how it works

4.8.6 Were these assets bought on credit or cash? If credit at what interest rate _____

4.8.7 Do you contribute to paying for these assets? How? How much? Please explain

Section 5: Risk and uncertainties

5.0 Can you give us a brief description of the production problems you have faced in the past 5 years

5.1 How did you cope with these problems? Did you have to change your practices? Please explain

5.2 What do you think could have improved your capacity to overcome the above mentioned problems?

Section 6: Agricultural contracts

Questions to be asked in cases where the farmer has a got a formal contractual agreement with a buyer:

6.0 Can you use your contractual arrangement as a form of collateral to access credit finance? Yes No

6.1 Can you outline some of the advantages of contract farming

6.2 Can you outline some of the disadvantages of contract farming

6.3 What do you see as the major threats of contract farming?

6.4 What opportunities do you see in contract farming?

Section 7: Family income

7.1 What is your household overall monthly income?

- R(1000-3000)
 R(3001-6000)
 R(6001-9000)
 R(9001-12000)
 R(12001-15000)
 R(15001-25000)
 R(>25001)

7.2 What are the sources of income available to your household? State the amount you receive from every source per month or year.

Non-agricultural sources

Source	Amount	Month	Year	From who or what?
Salaried job				
Remittances	Cash			
	Kind			
Welfare	pension			
	Child grant			
	Old age grant			
	Allowances for health			
Migrant worker				
Others				

Agricultural sources

Sources	amount	month	year	To whom
Crop sales				
Crops (in kind)				
Animal sales				
Animals (in kind)				
Selling animal hides				
Exchange of agricultural products				
Others (please specify)				

7.3 Do you/your household save money? How much per month? Where?

	Amount
Formal institutions (banks, trust)	
Saving policy, insurance	
Others (specify)	

7.4 If you/your household have credit outstanding, fill out the next table.

Institution or person	Amount	Interest rate	Since when

8 Do you see your daughter or son taking up farming when you retire from farming?

Yes No

Thank you

Annexure 2: Contractual arrangements identified in the Winterveld Region

Characteristics	Mechanisms	Contract Type 1 (Marketing specification Valencias contract)	Contract Type 2 (Marketing specification leafy vegetables contract)	Contract type 3 (Marketing Specification Navels contract)	Contract type 4 (Marketing Specification public tenders contract)
Service provided	Capital inputs (Citrus tree seedlings and boreholes).	x(citrus tree seedlings)	x(boreholes)	x(boreholes)	None
	Technical assistance (technical production information)	x	x	none	None
Contract duration		indefinite	indefinite	indefinite	3years
When the payment is done?		1st (50 % of final payment) November, 2nd (25 % of final payment) March 3rd (25 % of final payment) June	within 1 month	within 1 month	within 1 month
Time of transaction		Winter (August)	Winter and Spring season	Winter (August)	Throughout the year
Place of transaction		Cooperative farm (WCP)	Buyer's premises	Cooperative farm (WCP)	Buyer's premises
Frequency of deliveries		once	vary depending on availability of vegetables	once	once every week
Functions of the contract	Mechanisms				
Type contract	Formal contract	x			x
	Informal contract		x	x	
Collectiveness of the contract	Collective	x		x	
	Individual		x		
	initiated collectively but individual transactions		x	x	x
Legality of contract	legal with option for legal recourse				x
	Legal with no option for legal recourse	x			
	not legal		x	x	
Time contract is negotiated		each season before harvesting (technical staff assess farmer capacity using production estimates from January-June before a new contract is done)	when harvesting is ready (farmers take samples of vegetables to the buyer where negotiations are done)	each season when harvest is ready (buyer assess quality of product and current market price before transactions are done)	every 6months (produce prices are reviewed(inflation adjusted prices))
Price discovery	Formulas applied	X			
	Current market price of product	X	x	x	
	Fixed price				x
Contract initiation	WUFA	X	x	x	x
	Farmer		x		
	National Department of Agriculture				x
Transport to the market	Collective	X			
	Buyer's	X		x	
	Farmer's		x	x	x

Characteristics		(Marketing specification Valencias contract)	(Marketing specification leafy vegetables contract)	(Marketing Specification Navels contract)	Specification public tenders contract)
Type of payment	Cash		x	x	
	Cheque		x	x	
	Bank electronic transfer	X			x
Mode of communication	cellphone	X	x	x	x
	internet	X			x
Conditions of sales	Specified volumes	X			x
	Specified quality standards/color/grade	X	x	x	x
	specified growing standards	X			x
Implications for not meeting conditions of sale	product rejection		x	x	x
	contract cancelled	x*			x
	low price per grade	X			
	Sued				x
Effects of the contract	Mechanisms				
Pre-selection bias	Selection of farmers with greenhouses				x
	Selection of farmers with irrigation equipment				x
	Selection of farmers with reliable vehicle				x
	Selection of farmers with postharvest handling capacities (cold rooms and cold trucks)				x
	membership in farmer organisation	X	x	x	x
Efficiency	Improved incomes for farmers				x
	Improved production methods	X			
Sustainability (threats of the contract)	late payments	X			
	not enforceable	X	x	x	enforceable
Sustainability (opportunities of the contract)	Profile building				x
	Better incomes for farmers		x**	x**	x
	Capacity of investment to improve the farming system	X	x	x	

Annexure 3: A typical example of the Government tenders contractual document

Gauteng Provincial
logo

GAUTENG SHARED SERVICES CENTRE
Isikhungo saseGauteng Sezinsizakalo eziHlanganyele
Setsi sa Ditshebeletso tse Kopanetsweng tsa Gauteng
Gauteng gedeelde-dienssentrum

Enq. XXXXXXXX XXXXX
Tel. XXXXXXXX
Fax. XXXXXXXX
Date: XX XXXX XXXX

Name of farmer

Address
Tel XXXX
Fax XXXX

Attention: Name of farmer

RE: LETTER OF AWARD: REF: XXXXXXX: SUPPLY AND DELIVERY OF FRESH VEGETABLES TO GAUTENG DEPARTMENTS OF HEALTH AND SOCIAL DEVELOPMENT

1. We are pleased to inform you that your bid in respect of the abovementioned tender has been successful and accepted at an estimated total cost of R XXX, XXX for a period of 36 months subject to renewal annually.
2. The Entities to be supplied are XXXXX, XXXXX, and XXXXX Hospitals
3. This award is subject to a conclusion of a mutually acceptable agreement, between your company and Gauteng Shared Service Centre. This office will be in contact with you shortly to finalise the contractual matters. Until such time that the agreement is finalised, this relationship will be governed by both the Gauteng Provincial Government general Conditions of contract, the contents of RFP no. (Reference number) and subsequent written communications.
4. Should you have any further queries, please do not hesitate to contact (Enq. XXXXX) at (telephone number)

Signature

GENERAL MANAGER: PROCUREMENT
GAUTENG SHARED SERVICE CENTRE
DATE XXXXXX