A CLOSER LOOK AT THE PROCESS THAT UNDERPINNED THE SUCCESS OF THE BUPHUDUCHWANA PRODUCTION INCUBATOR

A CASE STUDY IN CREATING IMPACT BY DESIGN

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1. A CHALLENGING CONTEXT

Defining and creating material impact for mining host communities has long been a challenge for the South African Government, community leaders and mining operations alike. In particular, what separates mining operators from other corporate social investors is their prominent legislative obligation to create a positive social impact through binding Social and Labour Plans. These obligations differ materially from other forms of voluntary investment in community development both in terms of scope and risk.

Notwithstanding the legislative requirements, voluntary initiatives such as Anglo American Platinum's Alchemy Programme have established development agencies to advance the long-term interests of identified communities using the dividends derived from community-held shares. Combined, these legislative and voluntary initiatives create a broad range of legitimate expectations amongst communities for programmes that will result in sustainable development beyond the lifespan of a mining operation.

As one of Alchemy's five benefit organisations, Zanzele Itereleng (ZI) is mandated to assist in building and empowering rural communities that have been identified as part of Anglo American Platinum's Labour Sending Areas. In the North West Province, one of its communities is located in the Local Municipality of Greater Taung. Community data for Taung highlights significant and disproportionate challenges in health, education and income when compared to other districts in the province and nationally. This notwithstanding that the community is at the heart of the Vaalharts

Irrigation Scheme with communal access to a significant amount of productive agricultural land.

2. APPROACH TO THE CASE STUDY

This case study explores the events that led to the establishment of the Buphuduchwana Production Incubator (BPI) as part of a collaboration that included Tiger Brands and Zenzele Itereleng. Drawing on the first-hand accounts of the farmers involved and their technical support partners (Leading Edge Farming), the thinking that drove their actions and its contribution to the success of the initiative will be examined. In addition, the significance of their actions will be validated using global best-practices associated with Design and Systems Thinking, which form part of Alchemy's new Impact by Design strategy.

3. USING PERSONAL EXPERIENCES TO FRAME MATERIAL VALUE

The Tiger Brands initiative was not the farmers' first experience with an off-take agreement partnership. In a previous agreement with a large multinational, that spanned two and a half years (or five crops), the affected farmers did not generate any income from their ten-hectare communal land allocations. This decimated the farmers household incomes affecting between six and twelve family members.

Aggravating this negative experience was the behaviour of the corporate partner's intermediaries who essentially precluded the farmers from taking an active role in the farming activities. Moreover, the fact that the contracted amount for the crops delivered just covered the input costs did not appear to bother the corporate partner as long as they had delivery in terms of the agreement. These two experiences left the Taung farmers feeling grossly exploited.

The farmers responded to this experience by reflecting on what they wanted from future agreements– in particular, they defined what they wanted as opposed to what they did not want. This included that their communal land allocations had to generate a meaningful income, that they had to be active in the farming process and that any intermediaries had to account to the farmers to ensure not only delivery in line with

their contracts but also profitability. From the discussions held with the farmers, it is clear that these self-created insights were the start of them defining a stronger and more radical future vision for themselves as farmers.

The impact of this form of reflective action, namely clearly defining the experience they wanted in future, became the basis for what they expected from future agreements and how those needs could be met. From a design perspective, the farmers had created a clear point-of-view around their current experience and how future experiences had to improve on this. Moreover, this meant that during the implementation of future agreements they would be active in how to create this experience, defining in the process what they felt added the most value going forward.

4. WORKING ON THE MEANS TO CREATE THE FUTURE NOW

Having a clear understanding of the experience they wanted to create, the farmers entered into an off-take agreement with their new corporate partner- Tiger Brands. The technical support partner appointed to help the farmers meet the requirements of their agreement would play a major catalytic role from the start as they worked with the farmers to pursue their future-orientated vision. This did not negate the importance of delivering on the agreement. Instead, the farmers worked with their support partner to frame their current actions with the question, "How can this help us make material progress to our desired future?". There are multiple interlocking examples of actions influenced by this thinking, some of which are discussed below.

In the rural development space, agricultural projects are popular for grant funding and typically are framed to help black emerging farmers. These projects could be described as small-scale interventions that aim to provide start-up capital and skills to small-scale black farmers to sustainably generate income. Despite these good intentions Alchemy like many other funders, experiences mixed and often negative outcomes for such projects. Moreover, considering a report by the Food and

Agriculture Organisation of the United Nations[1] as well as recent research into the wasteful and unworkable models for creating black farmers[2], South Africa is struggling to develop material programmes that work for black farmers.

A distinguishing characteristic of the Taung model was that the farmers regrouped using a mindset grounded in improving their experiences as part of a clear future vision, which would ultimately establish them as large-scale commercial farmers. This is notable given that when engaging with the farmers they pointedly state that they are not emerging black farmers but commercial farmers. This thinking permeates their actions in a way that keeps them reflecting on the means to achieve that status. As such, these farmers do not measure progress by activities alone but also how much closer they are to that future state. This implies that if an activity cannot demonstrate that it is creating material progress towards the future vision it needs to be reviewed.

While some may view this mindset as wishful thinking, it was a critical tool to engage with very real and practical challenges. For example, in traditional commercial farming operations, farmers can access operating capital using their land and assets as collateral for short-term commercial loans. However, communal land cannot be used as collateral for commercial loans. This situation is assumed to limit the scale at which communal land can be used. Therefore, development partners typically engage with projects linked to communal land using grants aimed at small-scale and subsistence farming.

Although off-take agreements help solve the operating capital problem, these agreements are by nature very narrow in their scope and as such do not allow for the farmers to easily build diversified commercial operations, leverage more profitable crops and partake in the global agricultural economy.

Focusing on the means for their commercial farming vision, the farmers approached ZI as a development partner to access additional operating capital. The resulting

[1] Food and Agriculture Organisation. 2010. A review of experiences of establishing emerging farmers in South Africa. Case lessons and implications for farmer support within land reform programmes. Food and Agriculture Organisation of the United Nations. Rome. ISSN 978-92-5-106490-0

[2] Sebola, M.P. 2018. Financing emerging black farmers for agricultural development in South Africa: A wasteful and unworkable model for creating black farmers. The Journal for Transdisciplinary Research in Southern Africa. 14(1). ISSN 2415-2005

agreement had the same conditions attached as a revolving loan, albeit interest-free. In innovating around this need, ZI and the farmers not only decoupled operating capital from land ownership but started to develop a model that would allow the farmers to move beyond the constraints of their off-take agreements towards funding larger, more profitable and sustainable commercial farming operations.

5. KEY ELEMENTS SUPPORTING IMPACT BY DESIGN

Taken as a whole, the BPI case demonstrates key elements of Alchemy's Impact by Design Strategy and the value of applying systems and design thinking in practical ways, not only for short-term management process but also in terms of developing impact-capable strategies. In particular three elements stand-out in support of this claim when compared to other Alchemy initiatives that follow a more generic grant funding process.

a. The value of proximity in creating material change– the need to work closely with the people affected to gain critical insights into their needs and the means to address it

In BPI the farmers engaged the various partners using their own experience to help define their needs and actions. In turn, their technical partners leveraged these insights to create meaningful progress towards what the farmers had envisaged, thereby, creating material value from the perspective of the farmers.

This stands in contrast to other methods of defining and responding to community needs, such as the periodic involvement of community leaders to define needs; focusing on labelling a need, for example, the community wants a subsistence farming project; and responding to an identified need using off-the-shelf, trusted and ready-to-go solutions.

b. The value of a future now strategy– consistently working towards the desired future

The farmers focused on defining the future they wanted, as opposed to what they did not want. When defining the means to create the change they wanted, both the

farmers and their support partner applied these insights to define the required actions and gap-narrowing innovation they would need. By implementing the defined means, the support partner started to tangibly create the future with the affected farmers, a lived experience they could feel in the present, as opposed to some far-off abstract promise of a future.

This demonstrates the critical value of strategies that follow a transformative approach compared to those that are based on the assumptions of causal relationships. In this case, the farmers were transforming their current activities to better reflect their desired future state.

If they had followed the more common approach to development strategies, which defines change as a causal relationship as seen in statements such as if this then that, it is conceivable that the how of the initiative would have been defined significantly differently. For example, the initiative may have assumed that by supporting black emerging farmers to access off-take agreements they will be able to generate more income from their communal land. While capable of creating such short-term outcomes, this approach would fall far short of creating an impact trajectory characterised by sustainable growth beyond the initial investments.

The long-term vision of sustainable and thriving communities is at the heart of both the Alchemy Programme as well as the Social and Labour Plans required under the Mineral and Petroleum Resources Development Act. This would imply that transformative approaches, such as those seen in the BPI example, are more capable of achieving the desired long-term vision than the mechanistic thinking and assumptions of the more control-orientated classic project identification and implementation methods.

c. The value of discontinuous improvement– intentionally creating progress

The BPI case followed a trajectory comprising of multiple actions, which often created material progress through discontinuous improvements. While continuous improvement within a given activity is self-evidently desirable, it often masks the lack of progress towards a materially better future vision. In other words, the process of

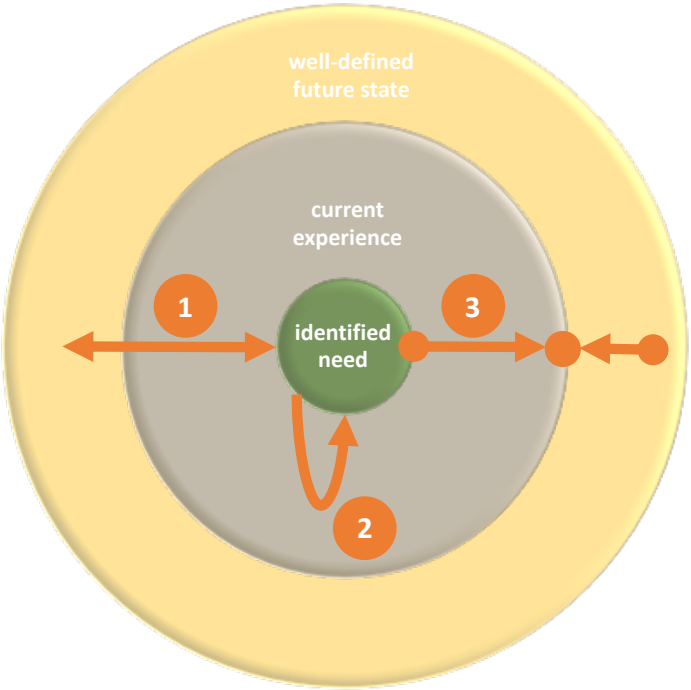
improvement should not be misconstrued as the same process that delivers on a materially better future vision.

In BPI, the farmers and their support partners created at least three such discontinuous improvements. These include rethinking the use of communal land within a commercial farming mindset, initially leveraging and then starting to pivot the off-take agreement in light of its longer-term limitations for substantiality and increasing profitability within the larger farming operation, building on their successful revolving loan model to develop the means to triple their operating capital over three years to secure the financial resources need to achieve their 2023 stretch targets.

6. INTERPRETATION WITHIN THE IMPACT BY DESIGN STRATEGY

Taking into account the three key elements described in the previous section, the BPI case can be further interpreted within the Impact by Design Strategy as shown in Figure 1 below.

Figure 1. Key aspects of Impact by Design



The first key aspect of the strategy is to understand the problem or identified need in terms of a well-defined future state. This places the problem or need not only within the wider systemic context but also allows one to better define the type of contribution required to address the need both in terms of short-term outcomes as well as to create progress to the future state.

The second aspect of the strategy focuses on gaining insights into the problem or need using the current experience of the people affected. This implies both engaging those affected as well as using multidisciplinary teams to develop and expand the insights. The third aspect draws on these insights to describe the means to achieve the desired change. Within this work, it is understood that there would be an inherent requirement to not only address the problem or need but also to ensure that the means create material progress towards the future state. To achieve this will often require innovations that may span multiple steps to narrow the gap between the current and future states. An important attribute of this progressive process is that it is characterised by discontinuous improvement or the intentional focus on moving the initiative forward not just improving it.

With this in mind, not only does the BPI case demonstrate the strength of the Impact by Design strategy, it confirms that it can be practically applied as a community-led approach provided the development partners are active in enabling the process. Therefore, in taking this strategy forward to influence other initiatives within the Alchemy family, it will be important to formulate a clear and radically different future vision that those affected could engage with to create that future now.

7. CONCLUSION

The BPI, ZI and Tiger Brands initiative stands out in a landscape of failed and lacklustre agricultural programmes. Critical to its success was not just the material assistance provided by Tiger Brands and ZI, nor the significant contribution made by the highly skilled technical partners. Rather it can be said that what was truly critical to these farmers success was the underlying process that helped them create what they wanted. By investing in this process, the initiative not only achieved significant short-term outcomes but leaves a critical asset, namely a more capable process, within BPI and the community of Taung. This community asset is ultimately more likely to contribute to sustainable development and a positive social impact.