

A WORLD HUNGRY FOR SOCIAL INCLUSION

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The **exclusion of the poor** from participating in, and getting access to, opportunities and activities is a major dimension of poverty that needs to be recognised and addressed. As allocators of capital, we believe that **social inclusion considerations must be an integral component** of our investment and ownership decisions.

Agriculture remains the predominant source of livelihood for Africa's rural poor, engaging 65% of the labour force. And the population continues its ascent. The world's largest labour force will be in Africa, with an estimated working age population of 1 billion by 2040. And with poverty on the continent highly concentrated in the rural areas, in particular among women and other excluded groups, it stands to reason that agriculture may be the sector that unlocks Africa's full potential.

Food security is a key element in ensuring sustainable human development. Factors contributing to food insecurity are unsustainable land use practices, lack of land rights and tenure, poor governance, and social exclusion.

The consequences of social exclusion can be seen in terms of low agricultural growth, low quality employment growth, low human development, gender and social inequalities, and regional disparities etc. And so social inclusion aims to empower poor and marginalised people to take advantage of opportunities. Social inclusion is central to ending extreme poverty and fostering shared prosperity. It is a goal that is of value to our current and future investments – creating skilled workers, ensuring quality production, enjoying sustainable livelihoods.

With few economic opportunities in rural areas, inclusive agricultural growth would contribute materially to poverty reduction. On the farms Old Mutual Investment Group is invested in, the expansion and investments in farmland provide long-term quality employment growth.

As the Fund Advisor of the agricultural suite of funds managed by Futuregrowth Asset Management (an investment boutique within Old Mutual Investment Group), we safeguard shared prosperity by employing affirmative measures and sustainable farming – at fund, operator and farm level. This approach is empowering people through education and skills development, which helps secure quality employment growth.

ACCESS TO EDUCATION

The farms invested in are engaged in broad-based economic empowerment, including the provision of literacy, numeracy, technical, managerial and financial education and skills transfer, with the aim of empowering workers and creating independent emerging farmers. The social initiatives on the individual farms are based on the needs and skill levels of the workers concerned. Regional demographics also play a part; therefore each investment has a distinct strategy and approach.

In August 2012, 19 women employed by Marble Hall farm wrote their first literacy and numeracy exams. Previously, three of these ladies had been unable to read or write. Two of the learners went on to complete a three-month computer training course in 2014, which enabled them to assist in the office and gain on-the-job office training and experience. Four of the literacy graduates have made it to Level 4 and are qualifying to write matric exams in 2016!

Social inclusion -
the process of improving
the terms for individuals and
groups to take part in society.

Source: *The World Bank*

In conjunction with the Imfundo Trust, an Old Mutual scholarship initiative, it was also arranged for eight previously disadvantaged agriculture students from across South Africa to travel to the Piketberg farm for a three-day working visit in April 2013. During their stay, the students were introduced to various aspects of the fruit farming operation. They then completed a project consisting of counting, evaluating and recording each tree in every orchard on the farm. An experience in which sharing of information and knowledge was the main focus, for both the students and the farm.

Interns have also been engaged since 2016. These are typically students completing their honours or master's degrees. Mbali Dayel started her internship with UFF African Agri Investment in 2014. A financial analysis and portfolio management honours student at the University of Cape Town, Mbali has a passion for African development and impact investing and the internship gave her the opportunity to bring

these two interests together. Mbali says: "It feels good to know that the work I'm doing positively impacts society while earning returns for shareholders."

My role involves all aspects associated with the implementation of an investment project. This includes everything from market and company research, financial modelling and analysis to drafting investment documentation." Post her internship, Mbali decided to stay on and is currently employed as one of our analysts.

"Through investing in farmland, we effectively convert land from individual ownership into collective ownership."

ADDRESSING THE GENDER DIMENSION

Though women dominate the African agricultural workforce, they are still precluded from giving technical inputs as they are not considered "farmers". In general, they are excluded from employment opportunities, basic education, and land ownership. The same thing can be said for people with disability – they are often excluded from education, livelihoods, social life and medical care. How can agricultural programmes help in addressing this?

Gender and social inequalities are addressed by eliminating unfair discrimination and implementing affirmative action measures, providing equitable representation at all occupational levels of the workforce. It is a priority at the farms invested in to include female and "differently abled" workers and employees at all levels – among farm workers, supervisors and management, with the operators and at fund level.

ENVIRONMENTAL CONSIDERATIONS

We believe agriculture's long-term viability and profitability correlate with the way we treat the natural environment. We promote sustainable methods of agriculture on the farms, including conserving water, reducing soil erosion and making use of renewable natural resources.

On all farms, we install waterwise irrigation, drip irrigation and new tech spray technology on the newly developed land – to ensure we use water more efficiently, which is essential in water-scarce areas.

All the farms also have a waste management programme and use Integrated Pest Management (IPM) systems that are tailored to the local climate and conditions, and aim to prevent infestation or ensure intervention without poisons where possible. The current farms are not high-emission greenhouse gas producers, with less than 25 000 tons of CO₂ emitted per year. Nevertheless, monitoring systems are in place for water, electricity and petrol usage. The aim of this is to improve fuel efficiency and reduce particulate and gas emissions, diminish the impact on climate change and preserve nature for future generations.

TOWARDS EQUITABLE ACCESS

As custodians of the pension fund capital invested by large groups of employees, the Agri-funds' constituency is a reflection of African society and its employee base. By investing in farmland, we effectively convert land from individual ownership into collective ownership, resulting in land reform of a different and sustainable nature.

Agriculture can provide many marginalised people with food, income and a respectable life. The challenge is to convert the food security crisis facing Africa into genuine investment opportunities that change people's lives and positively impact the continent as a whole.

ABOUT UFF :

UFF is Old Mutual Investment Group's **strategic partner** in agri-investments. Futuregrowth Asset Management, one of the specialised boutiques within Old Mutual Investment Group, **manages the agri-funds on behalf of clients.**

INVESTING IN AGRICULTURAL ASSETS AND INFRASTRUCTURE ON BEHALF OF OUR CLIENTS

Total committed capital:
R1 562 million

Number of farms:
10

775 hectares of **TABLE GRAPES**

Northern Cape, Saron (WC)
Bonathaba (WC), Brandwacht (WC)

12 hectares of **BANANAS**

Eshowe (KZN)

1023 hectares of **CITRUS**

Marble Hall (Limpopo), Eshowe (KZN),
Saron (WC), Bonathaba (WC)

100 hectares of **MACADAMIA NUTS**

Eshowe (KZN)

140 hectares of **DECIDUOUS & STONE FRUITS**

Piketberg (WC)

2935 hectares of **CATTLE, PASTURE & MAIZE FOR FODDER**

Swaziland



Total size of all farms:
12 579
Hectares

102
workers receiving
adult education

Housing built/renovated for
633
workers

Permanent employment for
652
workers

Receiving pre-paid healthcare
253
workers

Source: Futuregrowth Asset Management

Figures as at 31 March 2016