



“The transformation of agriculture in South Africa is a political imperative. Amadlelo is committed to playing its part in making this happen and has come a long way in fulfilling its vision and mission.”

CHARLES DAVIES

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Deputy Chairman | Amadlelo Agri (Pty) Ltd
South Africa



CHARLES DAVIES is a dairy farmer and director of companies.

He retired from the financial services/ insurance industry as CEO of Norwich Holdings Ltd. in 1999, and then went on to dairy farm.

His background is in financial services and insurance, having joined the insurance industry in 1971 as a salesman then establishing his own broking firm in 1972. He joined Norwich Union in 1978, and after a break in 1983 he re-joined Norwich Life in March 1989 as Managing Director. Charles was appointed Chief Executive Officer of Norwich Holdings at its incorporation that subsequently became listed on the Johannesburg Stock Exchange in 1995. He retired in June 1999, having served on various insurance and bank boards and as Chairman of the LOA (Life Offices Association) in 1997/1998.

Today he continues to farm, participate in empowerment farming, and serve as a director on various boards.

“I know God because he revealed Himself to me when I went farming at the age of 52 after having been in secular business. At that time I began to understand the values and requirements of stewarding God’s creation. I was no longer able to consider myself in control. I began reading the Scriptures (Old Testament) and God in His mercy and grace showed me He is alive and took my hand and led me through His Word.”

“I will extol you, my God and King, and bless your name forever and ever. Every day I will bless you, and praise your name forever and ever. Great is the Lord, and greatly to be praised, and His greatness is unsearchable” (Psalm 145:1-3). This psalm informs me and is the basis for my trust as I look to the Bible and seek help from the Holy Spirit. Only then will I have sufficient faith in being a disciple of Jesus to convey a helpful, credible, and practical message to the believer or unbeliever wherever I am in His service.

SHARING GREEN PASTURES

BY CHARLES DAVIES

South Africa has a history of land dispossession that the current government is trying to address through its Land Reform programme. The Eastern Cape suffers greatly from Colonialism and Apartheid's skewed infrastructural development priorities. Thus large parts of the Eastern Cape and other parts of South Africa remain relatively undeveloped. The Land Reform programme has been less than successful because land has been returned to families with little or no experience in farming. As a result many farms have fallen into dis-use or poor production, though some skilled successful white farmers are prepared to "give back" through making their time and expertise available. In order to address this, Amadlelo (Green Pastures) was established in 2004 by 70 commercial dairy farmers from the Eastern Cape and KwaZulu-Natal.

The vision, mission, and objectives set up at the time haven't changed much except to tweak for the reality and experience gained on the ground.

Vision:

- *Contributing to transformation in South Africa through creating sustainable, profitable black empowered agri business.*

Mission:

- Contribute to the transformation of agri business in South Africa through the training and mentoring of black farmers by entering into long term partnerships.
- Transforming latent community assets into profitable businesses bringing upliftment, poverty relief, job creation, and food security.
- Growing and empowering businesses through investing and sharing.

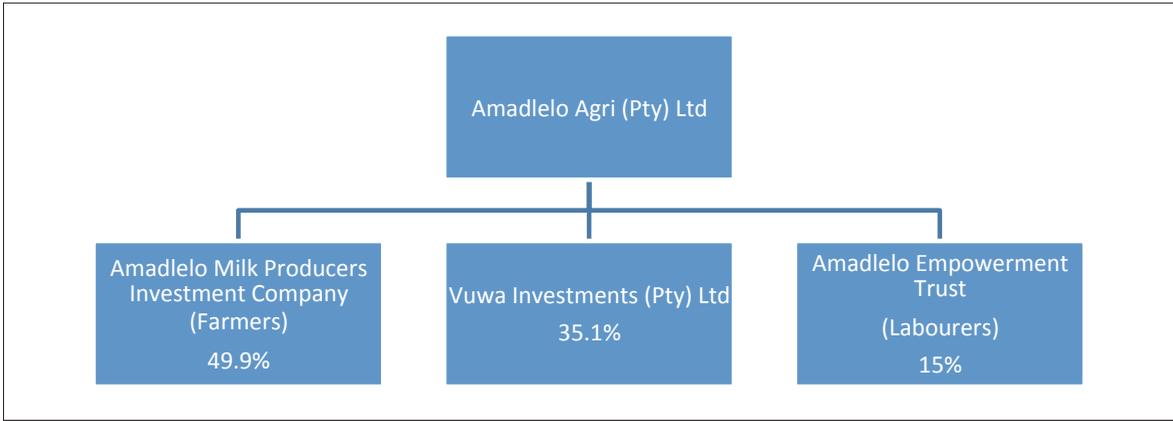
Objectives:

- Selection and training of highly talented black farmers through partnership with academic institutions like the University of Fort Hare.
- Experiential training with highly successful farmers ensuring proper skills transfer.
- Capacitating black farm managers to become successful farm owners through the process of share milking.
- Sustainable Community Development through the provision of capital and expertise.
- Creating sustainable returns to all stakeholders.

The aim of Amadlelo Agri was to take under-utilised communal land and develop it to its full potential. The group is also focused on training local community members in farming and management and creating market access for black communities.

Amadlelo is not an aid organisation encouraging self-enslavement by relying on others. Instead, their operation is based on the old adage, "Give a man a fish and you feed him for a day; teach him to fish and he feeds himself and others for a lifetime."

Amadlelo is a partnership between Vuwa Investments (an empowerment company, which has a 35% stake in the company) and the farmers (who have kept 49% of the company). The rest of the company is shared through an Empowerment Trust among over 500 workers from the founding farmers and participating dairy farms.



To date Amadlelo has established and manages six dairy projects milking 8,000 cows and producing 40 million litres of milk. They are focused in the former Ciskei/Transkei region as 50/50 sharemilkers with the local communities. The company was also the founding member of Ncera Macadamia near East London in which it has a share. Amadlelo was also instrumental in establishing a 1,000 sow piggery at the University of Fort Hare.

Structure of Amadlelo Projects

Amadlelo’s involvement in the various projects is structured as follows. Still, it remains flexible and sensitive to the funding model that may require adjustment.

This structure is based on an agreement commonly used on New Zealand dairy farms called a “Sharemilk Agreement.” With a sharemilk agreement the “landowner” makes available his land and infrastructure (which in this case is the community) while the “sharemilker” provides cows and machinery (all the movable

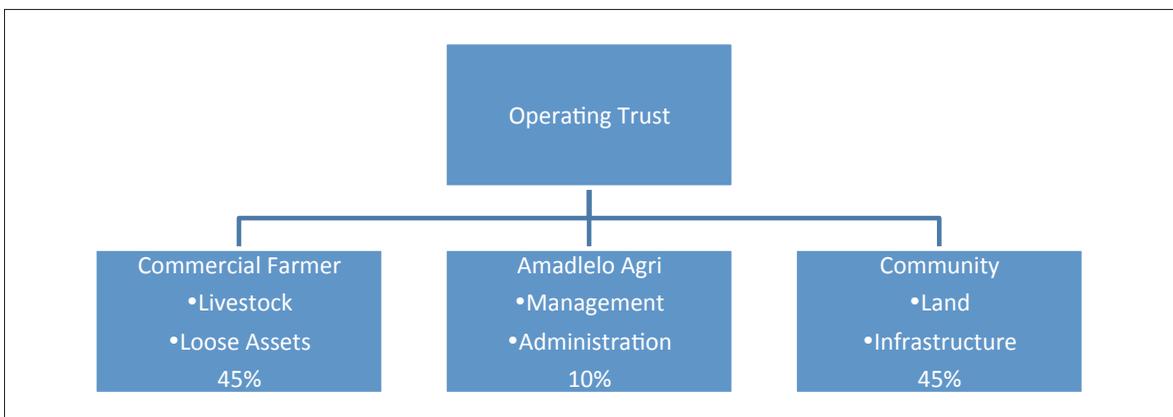
assets) and management. The profits are split 50/50 after operating expenses.

The land and infrastructure is made available by the community and developed from government funding. However, the two first projects of Fort Hare and Middledrift were funded by the founding commercial farmers and secured loans.

Amadlelo receives 10 percent of the profits for providing strategic management and thereafter the profits are split equally.

Amadlelo has been able to purchase some of its own cows but to a large extent still needs to lease cows from its founding farmers. This is not ideal but is the avenue required at present to grow a critical mass of commercially operating farms.

The success of this business model relies on an intensive consulting and support role played by current commercial farmers. These farmers are part of the Amadlelo group; they offer not only skills transfer but also bring considerable success and experience to bear on every project that is initiated by Amadlelo.



Production Systems

The milk production system is based on the low cost grass-based model. This model has proven to be highly profitable and successful and has been adopted by the majority of coastal based dairy farmers. It has led to the rapid move of dairy farming from inland South Africa to the coastal provinces that now produce 83 percent of South Africa's milk. From the coastal provinces Western Cape produces 25 percent; Eastern Cape 32 percent; and Kwa Zulu Natal 26 percent.

Training and Mentoring of Black Farm Managers

Through its affiliation with the University of Fort Hare, Amadlelo is engaged in selecting and training students who must do an experiential year of training as part of their Technicon diploma. These students are placed on Amadlelo projects and the Fort Hare dairy. Those who are interested and able are then given employment on Amadlelo projects as learner managers.

This process has already seen some remarkable successes as three young managers have moved on to take full control of their respective farms within Amadlelo.

As part of a process of building an asset base, Amadlelo has encouraged these young managers to accumulate their own livestock. This is made possible through a system whereby the managers can use surplus funds to lease dairy cows through a leasing company. These managers dream of owning sufficient cows by the time they are 40 years of age so they can lease land from government and share milk their "own" farm.

Through the University of Fort Hare a process has begun to provide "hands on" training modules for managers. In addition, a dialogue has developed with the Department of Agriculture whereby Amadlelo and the University

will train and manage qualified persons to provide intensive mentoring and consulting to new entrants into the dairy industry.

We trust this will result in a "mass" skills transfer and enable one-on-one assistance to individual farmers.

The Contribution and Benefit to Society

The first four years of Amadlelo were focused on harnessing support and developing understanding of the dream. Since 2007, however, the growth of Amadlelo has been able to transform societies. It has mobilized almost R200 million in assets, paid salaries and wages of R16 million per year to 514 employees, and produced R16 million a year in dividends to communities (1,793 beneficiaries). All of this occurs in areas where previously there was very little or nothing happening.

The Future Growth and Direction of Amadlelo

The transformation of agriculture in South Africa is a political imperative. Amadlelo is committed to playing its part in making this happen and has come a long way in fulfilling its vision and mission. Still, the speed and magnitude of this transformation will be dependent on government policy and support. To enable this process Amadlelo is focused on working through partnerships with government and other institutions that

are committed to profitable sustainable agribusiness.

We continue asking ourselves, "Is this a success story?" The answer has to be, "Not yet!"

I think back some seven years ago when our CEO and I were approaching a remote and politically charged part of the old Transkei. This

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was a 5,000 hectare area with abundant water and opportunity. It was early in the morning and it was raining. We had stopped before entering the area to enjoy some tasty sandwiches and coffee prepared by his wife. My CEO looked at me and said, "There is no evidence that we are ever going to get this to work, but God has a plan and we must persevere."

I am pleased to report that we now have a thousand cow dairy already operating and a second one ready to go. We have gained the

respect of many and we thank God that we have progressed to where we are.

Amadlelo has always been led and driven by God-fearing men who trust in Jesus and live within His moral boundaries. We know it is our duty to make a plan for the poor, and whilst there are and will be many avenues to assist the poor this commercial approach is just one. For its sustainability it will need ongoing resources of faith and effort and of course endurance with trust in God's providence.