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Low Emissions Development Program

GREENING THE MOHAIR INDUSTRY

STRATEGY AND ACTION PLAN FOR GREENING AND GROWING
SOUTH AFRICA MOHAIR PRODUCTION



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Cover photo: Angora goats on an emerging farm in Sarah Baartman District Municipality. (Credit: Hanna Haslum)

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DISCLAIMER

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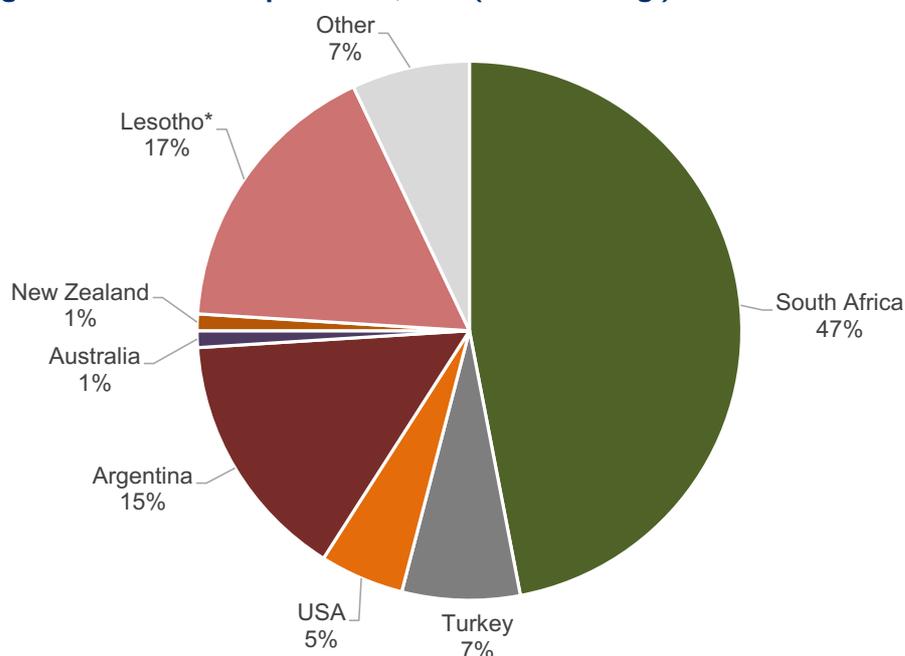
I INDUSTRY CONTEXT

I.1 SOUTH AFRICA'S MOHAIR INDUSTRY

Mohair is obtained from Angora goats. South Africa's mohair industry is primarily situated in the semi-arid areas of the Eastern Cape, covering approximately 10 million hectares. The Western Cape, Northern Cape, Free State and Mpumalanga provinces also produce significant volumes. There is some mohair production in KwaZulu/Natal, but it is relatively small. It is estimated that the mohair industry supports 800 farms and 30,000 employees and dependents across the value chain and generates close to R1.5 billion in foreign currency.

South Africa accounts for nearly half of the global mohair production, followed by Lesotho, Argentina, Turkey, and the United States (Figure 1). South Africa specializes in the production of mohair, with limited downstream activities—close to 90 percent of local output of the unprocessed wool is exported and very little value addition occurs locally.

Figure 1: Global mohair production, 2018 (4.76 million kgs)



Source: Mohair South Africa

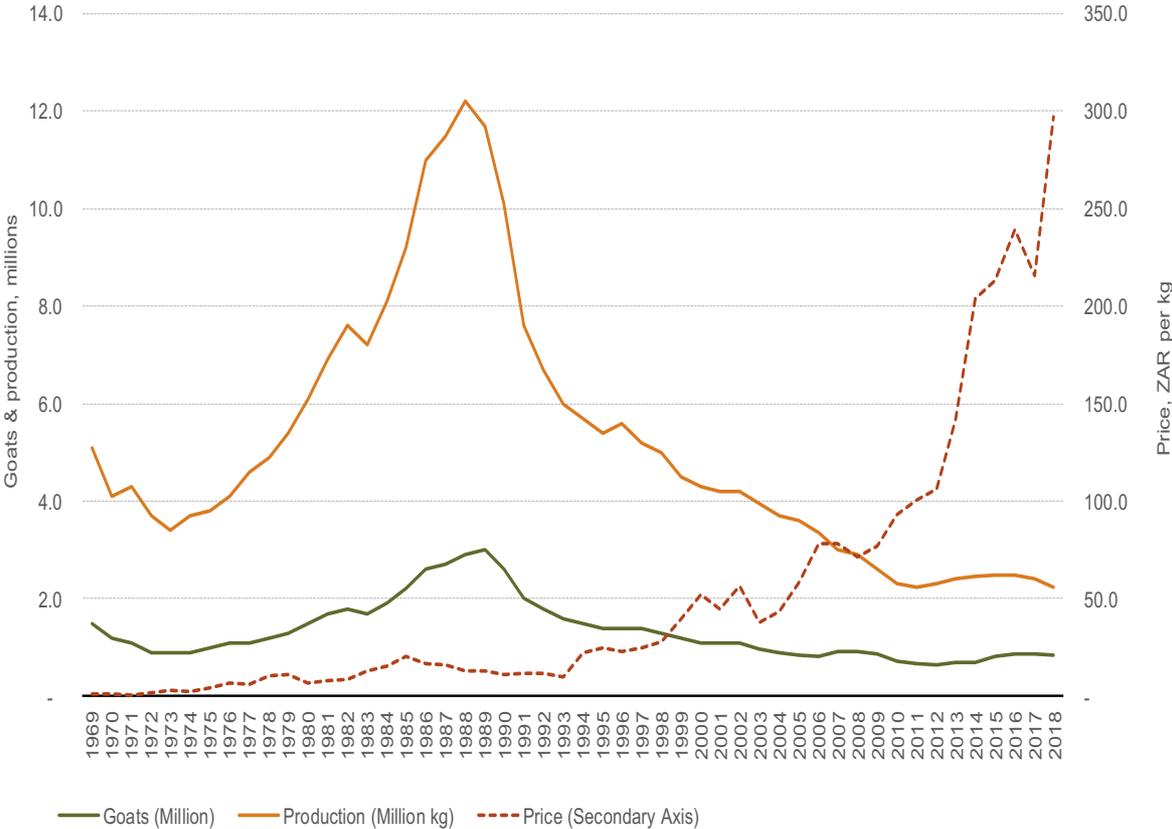
*This figure is an estimate based on history as it could not be verified.

Global production of mohair peaked in the late 1980s and has subsequently declined across all producing countries, including South Africa. This fall in production has been attributed to competition from synthetic fibers (acrylic, polyester and nylon), competition from other natural fibers (like wool, cotton, silk, jute, hemp, bamboo, alpaca, cashmere, flax, etc.), a volatile mohair price, and an inability to prove mohair is produced sustainably.

The total number of Angora goats have also declined drastically, from peaking at 2.9 million in 1989 to approximately 830,000 currently. Both the number of goats and the yield per goat has fallen significantly. This is in part due to the impacts of climate change, as diseases like heartwater became more prevalent in mohair-producing areas and droughts became more frequent and more severe. Small stock theft is also a problem that has deterred many former Angora goat farmers. Angora goats require careful management to reduce losses relating to disease and sudden weather changes, and many former Angora goat farmers have shifted

into less demanding and labor-intensive game farming. Increased demand for finer mohair from kids has also changed the clip profile towards higher value but lower volume finer mohair.

Figure 2: South African production mohair production and price movements, 1969-2018



Source: (Mohair South Africa, 2019b)

The price for mohair has however increased significantly over time driven both by falling output and the weakening of the South African Rand. While the demand for mohair as a mass market fiber has fallen, the demand for mohair as a niche luxury item has remained strong. The ever-increasing price of mohair, however, provides a major challenge for the downstream manufacturing industry. If the price continues to rise steeply and supply remains constrained, buyers and end users may shift to products that reduce the need for mohair, partly through using blends with ever-less mohair content or substituting mohair with other products altogether.

1.2 THE NEED TO GREEN MOHAIR PRODUCTION

Until recently, the mohair market was not significantly affected by issues relating to sustainable production. Sustainability is, however, now becoming a key market access issue. Mohair is a luxury product and the relatively wealthy and informed buyers of mohair are increasingly demanding fair labor practices, humane treatment of the animals and environmentally sustainable farming and processing along the value chain. Consequently, retailers are moving towards demanding verification (through traceability) that producers are meeting minimum sustainability standards. In the age of mass communication through social media channels, significant damage can be caused very quickly to an industry that is perceived to unethical. This was illustrated by concerns that PETA raised about the treatment of Angora goats on some farms in South Africa. Since then, Mohair South Africa has updated its Sustainable Mohair Production Guidelines to be aligned with international

sustainable production standards, and it is working with an international accreditation agency to ensure that local mohair can be certified as green to meet the requirements of international retailers. From the start of 2018, Mohair South Africa has supported the traceability of mohair sold at auction and it is believed that all mohair sold through formal channels can now be traced back to the farm of origin.

I.3 THE BENEFITS OF GREENING

Apart from the animal welfare benefits and better working conditions valued by the market, and which could translate into higher demand and better prices for mohair, greening along the value chain can also bring a range of sustainable development benefits. In terms of **environmental benefits**, improved veld and grazing management will prevent soil degradation, improve water retention, increase soil carbon stocks, and prevent biodiversity loss. Optimizing irrigation practices and water pumping will reduce water use, lower energy costs, and reduce GHG emissions and air pollution (where liquid fuels are used to power generators). Using less abrasive and biodegradable chemicals and fertilizers will reduce pollution on-farm and when mohair is processed downstream. The deployment of renewable energy and energy efficiency options can also significantly reduce the GHG emissions profile of the industry. From a **socioeconomic perspective**, as discussed above, greening is critical to the viability and growth of the sector by ensuring market access is maintained. Greening will also contribute towards employment creation, better working conditions, skills development, and improved livelihoods (for employees and their dependents). The increased deployment of renewable energy from technologies such as solar power, biogas, and wind power will generate employment and attract investment, which is much needed in rural communities. Mohair production is not very capital intensive, and as such supporting emerging farmers could be an effective way of furthering transformation, inclusivity, and social cohesion within the agriculture sector in South Africa. It is also a viable option for supporting the social upliftment of surrounding communities in underdeveloped areas given that Angora goat farms are concentrated in some of the poorest parts of the country and often in remote areas. Growing the mohair industry will also help to **create resilience to the impacts of climate change** within the local agriculture sector. There were approximately 15 million cattle in South Africa in 2010, but beef and dairy cattle farming will become less attractive as climate change cause average temperatures to rise across South Africa. Farming goats and sheep, however, will become more attractive. Goats, including Angoras, are generally browsers who will also graze. Because of this ability to vary their feed selection, Angoras are more resilient to the effects of drought than sheep. Sheep are heavier resource users in terms of veld carrying capacity than goats, but farming with sheep and goats has the advantage of balancing grazers and browsers. This has less impact on the veldt and is more profitable than farming with cattle. Provided that they are not overstocked, Angora goats can be grazed on Karoo-veld with little or no impact on veld quality while sheep cause significant damage to vegetation.

In addition to these wider benefits, **greening increases the profitability of mohair production on farms**. Implementing the interventions needed to meet most widely recognized sustainability standards, including those of Mohair South Africa (MSA), the Responsible Wool Standard (RWS) and Organica, increases the annual profitability of a representative 3,000-hectare mohair farm in the Sarah Baartman District Municipality of the Eastern Cape Province by approximately 36 percent.¹ Greening activities increase the

¹ A costing model was developed to investigate the incremental cost and benefits of sustainably farming mohair. The model assumptions were reviewed by two commercial mohair producers. The costing model is available upon request. Email contact@dnaeconomics.com for a copy.

production cost of mohair by 22 percent per metric ton, but this is more than compensated for by an increase in mohair yield per goat, an increase in the number of kids, and a 10 percent price premium² for green mohair.

I.4 GROWING THE MARKET FOR GREEN MOHAIR

Combining the ability to prove the sustainability of South African mohair with effective marketing and showcasing the positive developmental benefits that increased mohair production can have in South Africa, is expected to be able to significantly increased mohair demand in the global fine apparel market. Though not as fine and not as sought after as the fine mohair from kids used for fine apparel, the coarser and less soft ewe fiber from more mature animals largely possesses the same characteristics as the finer grade mohair. It is flame resistant, extremely durable, light weight, very warm, non “sweating,” non-matting (or kemping), and has a natural luster. It is already a significant part of the production and used for rugs, socks, etc. More creative marketing of the upholstery applications of mohair (for furniture and luxury seats in motor vehicle and aeronautical industries) and products like sleeping bags and duvets, would broaden market demand for this type of mohair.

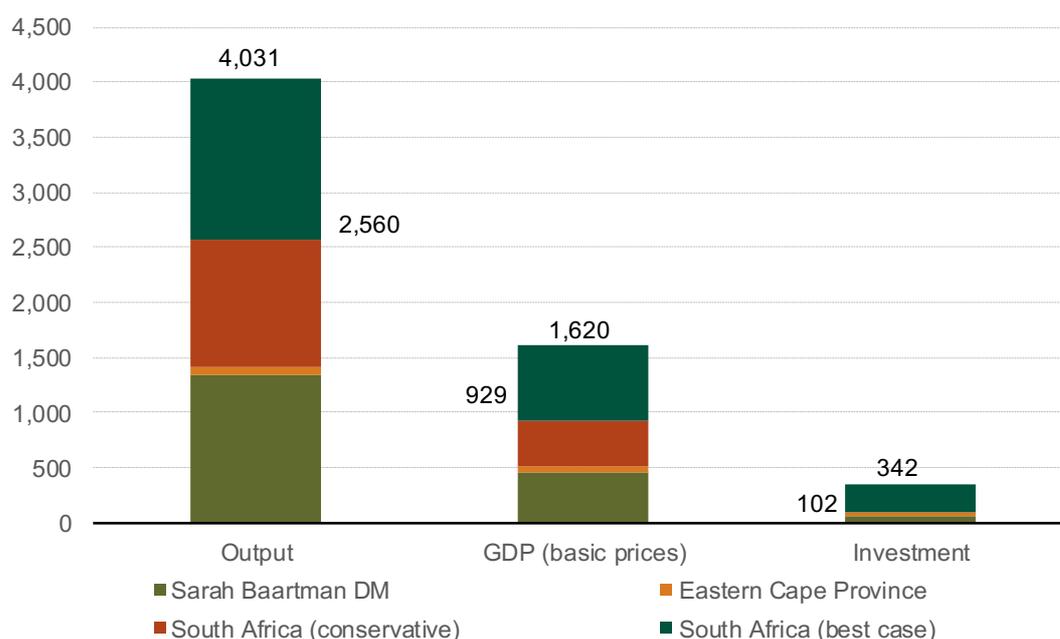
While it is unlikely that the production volumes of the late 1980s could again be reached in South Africa, current production could be increased by 100 percent or more. The only significant competing land use for Angora farms is game farming, and in future the declining attractiveness of cattle and other large stock farming due to climate change is expected to make a significant amount of additional land available for Angora goat farming. There is also scope for greater farming efficiency on existing farms to increase mohair yield (particularly for emerging farmers), and significantly more municipal land could be made available for mohair production. Several emerging farmers already produce mohair on municipal commons, and the extent of additional municipal commonages that could be used for this purpose in the mohair growing areas is considerable. Diverting this land to mohair production would increase the total income that is generated from this land and prevent alternative uses that are currently degrading the value of this land.

² The price premium was assumed based on the views of market participants. Discussions with brokers and foreign retailers indicated a premium of between 7 percent and 12 percent is expected.

I.5 SOCIOECONOMIC BENEFITS OF DOUBLING PRODUCTION IN SARAH BAARTMAN DISTRICT MUNICIPALITY

Doubling the value mohair production in the Sarah Baartman District Municipality would increase South Africa mohair production by 51 percent and generate significant socioeconomic benefits—as illustrated by an economic multiplier analysis. Doubling the 2018 mohair output in the district leads to an R665,280,000 increase in the value of mohair production. This creates a multiplier impact that raises output within South Africa by between four and six times that. Between a third and a half of this impact occurs within the Sarah Baartman District Municipality. This leads to an increase in national GDP of between R929 million and R1.62 billion, accompanied by an increase in investment of between R102 million and R342 million.

Figure 3 Impact of increased mohair output on total output, GDP, and investment (R million)



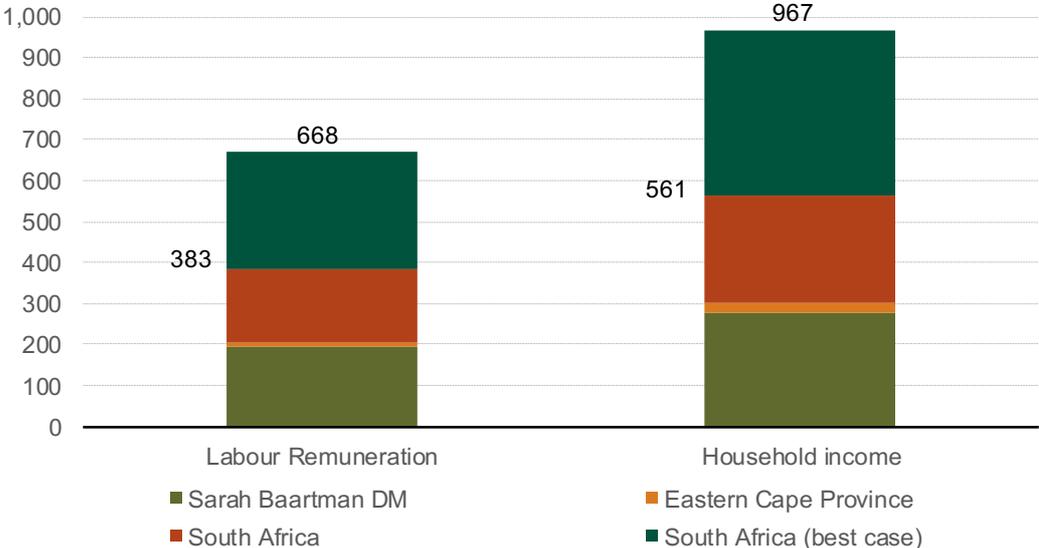
Source: DNA Economics calculations using Quantec 2016 SUT tables and multipliers

Doubling the size of mohair production in the Sarah Baartman District Municipality could also generate significant benefits in terms of labor remuneration and household income. Conservatively estimated labor remuneration increases by R195 million in the Sarah Baartman District Municipality—which is equal to 31.6 percent of the total in the Agriculture, forestry, and fisheries sectors in the district. Household income increases by R278 million in the district (25.5 percent). As a best-case estimate, household income in South Africa could increase by almost R1 billion as result of the doubling of mohair production in the Sarah Baartman District Municipality.

The increased mohair production is expected to have a significant impact on employment relative to current employment in the Agriculture, forestry, and fishing sectors across South Africa. Total employment in the Sarah Baartman District Municipality increases by 4,381 (which is 12.4 percent of the current total employment in the district) and total formal sector employment by 3,772 (12.7 percent of the current formal Agriculture, forestry, and fishing sector employment in the district). The corresponding values for the Eastern Cape are 5,019 (0.5 percent) and 4,155 (0.5 percent). In terms of the best-case scenario, total employment across South Africa could increase by as much as 9,504 and formal sector employment by as much as 7,914—equating to

almost a percent increase in the current values for the total South Africa Agriculture, forestry, and fishing sectors in both cases.

Figure 4 Impact of increased mohair output on labor remuneration and household income (R million)



Source: DNA Economics calculations using Quantec 2016 SUT tables and multipliers

Lastly, the figure above shows that the additional employment within the mohair value chain (conservative estimate) is concentrated within the formal skilled and formal semi-skilled and unskilled jobs within the Sarah Baartman District Municipality. Given that these are the lowest wage earners in the area, the increased employment is expected to have a positive impact on inequality in the district. Because of the way the conservative economy-wide impact was defined, and the fact that employment is concentrated in at the district and provincial level, there is not a significant difference between the conservative economy-wide estimate and the total cumulative district and provincial impact—consequently the conservative economy-wide impact is too small to be observed on the graph.

I.6 CONCLUSION

South Africa holds a dominant position in the global mohair market, and the industry is responsible for the livelihoods of a large number of South Africans. Since the late 1980s, however, competition from synthetic and other natural fibers internationally and the impacts of climate change locally have led to a drastic shrinking of the number of Angora goats farmed in South Africa. Over the last decade, however, the price of mohair has increased substantially and is now very attractive, though production levels have not increased significantly. Combined with a growing demand for green (ethical, sustainable, and humane) mohair, which commands a price premium, a unique opportunity to revive this industry exists.

The transition from cattle and large stock to Angora goats due to climate change impacts, increased mohair yields, and utilizing additional municipal land means that at least a doubling of local production is achievable. Furthermore, activities to green mohair production increase the profitability and attractiveness of Angora goat farming, and doubling mohair production would bring significant socioeconomic benefits—most of which would materialize within Eastern Cape, one of South Africa's poorest provinces. Efforts to grow the industry should thus be encouraged.

2 STRATEGY AND ACTION PLAN FOR GREENING AND GROWING THE INDUSTRY

The local production of mohair has dropped significantly over the last two decades from 12,200 metric tons in 1998 to 2,240 metric tons in 2018. Changes in fashion and increased competition from artificial fibers as well as with other sources of natural fibers like wool, cotton, silk, jute, hemp, bamboo, alpaca, cashmere, and flax have seen a reduction in global mohair demand since the late-1980s. This led to the decline mohair prices for almost a decade from the mid-1980s. The local price of mohair has also been much more volatile since the start of the millennium due in part to the volatility of the Rand. This, combined with the fact that raising Angora goats involves considerable management effort, resulted in many farmers moving to farming other products that included, wool, boer goats, cattle, and increasingly, game farming.

Over the last decade, however, the price of mohair has increased substantially even in U.S. dollars, and even more so in Rand. Prices are now very attractive, though production levels have not increased significantly. There is a danger that limited availability could cause end-users to abandon mohair for other cheaper and more readily available alternatives. The entry costs to Angora goat farming are far lower than for cattle or sheep farming and because of the complementary feeding practices of goats (browsers) and sheep (grazers), the two animals can be run effectively on the same farms. Goats are lighter than sheep in terms of veld use, and this is particularly true during droughts. Less than 12 percent of South Africa is suitable for growing crops, and climate change is likely to reduce the area suitable for cropping further. The extensive livestock farming will become increasingly important to support food security and rural livelihoods. Goats and to a lesser extent sheep are less vulnerable to climate change than large livestock like cattle. Angora goats, that produce mohair, a highly value export product in which South Africa has a dominant position in the global market, is therefore expected to play an important role in a climate resilient South African economy. The mohair industry, furthermore, has the potential to provide significant socioeconomic benefits within the Eastern Cape, one of South Africa's poorest provinces. An emerging market for ethical, sustainable, and humane mohair, which commands a price premium, and provides a unique opportunity to grow the industry.

This strategy and action plan identifies several challenges constraining the production of mohair and proposes solutions to grow the industry. This aims to support and expand upon current initiatives that the mohair sector is promoting through Mohair South Africa and the South African Mohair Growers Association (SAMGA) to increase the production of certified ethical, sustainable, and humane ("green") mohair in the Sarah Baartman District Municipality.³

The recommendations need to be jointly implemented to grow the industry, but this could more than double current mohair production. Timelines outlined below assume that agreement between all the relevant parties can be reached by the beginning of 2021.

2.1 INCREASE THE AVAILABILITY AND PRODUCTIVITY OF LAND

2.1.1 CHALLENGE

Angora goat farming competes with other land uses, most notably other forms of stock farming (mainly other goats, sheep, and cattle) and with game farming. Angora goats do not handle sudden changes in temperature well, particularly when it is accompanied by rain and wind. This means that the higher altitude mountainous

³ Recommendations also apply to wool farming as sheep and goats are largely complementary veld users.

areas are not conducive to Angora goat farming. This limits the available suitable land for mohair production. As available land is finite, and the demands of competing land uses like housing and commercial and industrial developments are increasing, there needs to be better utilization of the land available. However, with the increasing impacts of climate change and more areas of the country experiencing lower rainfalls and suffering more frequent droughts, there are areas that have historically been used for cattle farming that will, with the changing vegetation associated with the effects of climate change, become more appropriate to goat farming. Changing livestock use from cattle to Angora goat production in these areas would constitute a sound national climate change adaptation response across the Eastern Cape, Western Cape, Northern Cape, and Free State provinces.⁴

2.1.2 RESPONSE

In the longer term, the transition from cattle and large stock to Angora goats could make an additional 400,000 hectares available for Angora goat farming, supporting an additional 300,000 goats and yielding an extra 900,000 kgs (900 metric tons) of mohair per annum. This will, however, take time. Greater farming efficiency on existing farms is this required in the near term. Improving efficiency on the farms will entail integrating targeted research into mohair farming approaches, land management and disease control, as well as effective extension support. It is believed that this could conservatively result in a ten percent improvement in yields.

Communal and municipal land used by emerging farmers can also be used more effectively. Providing targeted support to these farmers to increase their efficiency and production will increase the size of the overall clip. Young emerging farmers should be given the opportunity to prove themselves on the municipal commonages by providing targeted infrastructure and support to those farming on the municipal commonages around the towns. This land, which is owned largely by municipalities, is currently used sub optimally by poor farmers. These farmers could be supported to be more productive if they agreed to accept certain farming guidelines/rules for sustainable development and utilization of the land. Utilizing only 40 percent of appropriate municipal commonages suitable for Angora goats would add an additional 300,000 hectares for improved mohair production. This could support an additional 250,000 goats producing an additional 750 metric tons of mohair and potentially supporting up to 3,000 emerging farmers. More detailed research on these commonages is required to define the exact project development potential. However, a pilot project is proposed in the Sarah Baartman District. Around 250 to 300 farmers are currently utilizing approximately 74,000 hectares on municipal commonages. This could realize an additional 200 metric tons of mohair per annum and a total income of more than R60 million per year. This is far greater than the current income derived from the use of this land which, in its current pattern of use, is a degrading asset.

To realize this latent potential of the municipal commonages would require additional support, including infrastructure (additional water points on the commonage, adequate fencing, power, etc.), good quality animals, technical extension support, marketing, and social/institutional organization. Support for the infrastructure could be obtained through concessionary finance for organized groups of farmers, subject to them agreeing to farm sustainably. As the improvements will be to state-owned land, provincial or national government would probably be willing to underwrite the loans from an institution like IFAD, the World Bank, or another international agency if sufficient safeguards are in place to minimize their contingent liability. The municipality contribution would be the land. Thus, all three spheres of government could be involved. A

⁴ Large parts of the country will in future only really be suitable to farming goats, sheep, or ostriches. Ostriches are subject to wild market fluctuations and have a heavier impact on the natural resource base. Game farming would also be possible in these areas, but this requires very extensive land areas and productivity is generally low.

combination of loans and grants could possibly be negotiated with the assistance of international and national development support agencies. The grant component could fund the technical and institutional support elements that are crucial to the potential success of such an initiative.

Table 1: Action plan elements: availability and productivity of land

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	Making more land available for productive, sustainable farming.	Municipality to allocate land usage on the municipal commonages with conditions.	April 2021 to July 2023
Province (including Eastern Cape Rural Development Agency)	Incorporation of municipal commonage land into more efficient, sustainable production of mohair (and wool). Mentoring and support of emerging farmers and farmers moving from large livestock to mohair and wool farming in anticipation of the impacts of climate change.	Province, through ECRDA to supply infrastructure and equipment to increase compliance with sustainability standards. ECRDA to provide mentoring and support to farmers on the municipal commonages as well as to resettled emerging farmers.	April 2021 to July 2023 and on-going.
National government	Agreement to support more efficient use of state-owned land for mohair and wool production.	National government supports the principle of more efficient production on the municipal commonages and the qualifying rules for additional support on this land.	April 2021 onward
Other	Financing for infrastructure and equipment improvements through grants and loans Technical input to support more efficient, sustainable, and green farming methods.	IFAD to supply a “soft” loan to ECRDA for on-lending to emerging farmers (on commonage and privately-owned farms) who meet sustainability standards. Wind farm trusts to supply grant funding (as co-financing) for infrastructure and capacity building.	May 2021–May 2026

The Eastern Cape Rural Development Agency (ECRDA) could play a key role in such an arrangement and a pilot program in the Eastern Cape Province, initially concentrating on mohair and wool, could provide guidelines for rolling the program out in other areas. The initiative could also support the government’s AgriPark initiative. While the initial focus should be on Angora goat and sheep production in the marginal areas, those areas with sufficient water and fertile soil could be supported to grow vegetables and fruit that could supply reestablished small municipal markets which flourished in these towns in the past. The support to realize the production improvement could be provided by agencies like ECRDA, Humansdorp Coop and, in time, by their equivalent organizations in the other three provinces.

If the municipal commonage use is improved and some (40 percent) of it in the appropriate Angora farming areas is used for mohair production as well as improved efficiency on existing farms and sustainable Angora goat farming is substituted for cattle (large stock) farming on new areas arising from the impacts of climate change, then this could realize an increased mohair production of 1,830 metric tons, or double current production levels.

2.2 ADDRESS PRICE FLUCTUATIONS

2.2.1 CHALLENGE

Production never recovered from the drop in the price of mohair between 2002 and 2004. The low price combined with the other challenges in producing mohair and the proliferation of game farming in the primary mohair production areas resulted in farmers leaving the industry and production levels dropping from 4,300 metric tons to 3,300 metric tons and continued a downward trend since. Between 2009 and 2018, mohair auction prices increased nearly fivefold, yet production levels continued a slow decline. This is not a simple challenge to address because international product and commodity markets are cyclical and sensitive to market conditions. However, with the rise in numbers of the middle class in China and around the world combined with a growing preference for natural fibers, there appears to be a sufficiently firm baseline demand for mohair to maintain prices. Combined with the steady decline in the Rand, the local price is unlikely to decline significantly if the product is well promoted and marketed.

2.2.2 RESPONSE

One strategy to have a more significant impact on market conditions and address the farmers' sense of vulnerability to developments in global trade markets, would be to support farmers to gain greater participation along the value chain—in processing and even manufacturing. The need for farmers to be more involved in product value chains was emphasized in the 2016 IFAD Rural Development Report 2016. Having some of this downstream value-adding within South Africa would also contribute to job creation and, hopefully, the re-industrialization of South Africa. In this regard, farmers' involvement in a "Green Manufacturing Center" that produces niche market products for top labels or retailers but that does not directly compete with the current product lines of the main international users of mohair could be effective. International partners could be sought to invest equity and participate in such a venture in partnership with the farmers, the Department of Trade and Industry in South Africa, the Department of Agriculture, Land Reform and Rural Development, and the ECRDA. Other private sector partners within South Africa could also be approached. Preliminary scoping of and costings for such a green manufacturing facility have been completed.

Another strategy would be to obtain greater support for and collaboration between farmers of the type that the former commodity marketing boards used to provide. Additional resources for mohair promotion and marketing would also contribute to sustaining and growing demand and this should have a positive effect on prices.

The emerging market for ethical, sustainable, and humane mohair provides another opportunity to address price fluctuations. There is an increasing number of companies that are willing to conclude direct supply contracts with farmers who meet the global sustainability standards. This provides farmers with more price certainty.

Table 2: Action plan elements: price fluctuations

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	Provision of reliable services like power and water for farmers. Where possible the power should be through renewable energy.	Municipalities to ensure that their provision of key services does not provide an impediment to more efficient farming.	April 2021 to April 2026
Province	Cushion price fluctuations by providing support for storage facilities and greater local beneficiation by partnering in a manufacturing center.	Province should be a minority investor in value-adding manufacturing. The manufactured products vary less in price than raw materials.	On-going four-year program
National government	Support efforts to diversify the market for mohair and to undertake greater local beneficiation.	DTI to support marketing drive for new markets for mohair usage and provide support for IDC and others to assist in financing a green mohair (and wool) manufacturing center.	April 2021 to April 2026
Other	Provide supply contracts to producer farmers and invest in green manufacturing center. Support improved marketing of mohair.	Wind farm trusts as well as Scandinavian companies and other SA private sector companies. Mohair SA.	May 2021 to May 2023

2.3 DEVELOP THE MARKET

2.3.1 CHALLENGE

The relatively narrow uses of mohair relate to its limited availability and high price. Increasing production could permit broader application for mohair and the diversification of the market. To achieve this will require steps in addition to increasing the volume of mohair production.

2.3.2 RESPONSE

Improved research and development around the potential applications for mohair and increased resources for more effective marketing of the results is required. Areas to explore would be seat covers and textile (or composite) structural components (panels, cable coverings, etc.) for airplanes and luxury vehicle seat covers.

Table 3: Action plan elements: market development

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	Increased production on state-owned land necessary to increase overall production of mohair and allow broader uses of the fiber.	Provide municipal commonage land to progressive emerging farmers who want to farm more efficiently.	April 2021 to April 2026
Province	Support increased production of mohair (and wool).	ECRDA and EC Province to provide support for emerging farmers to produce more green mohair allowing broader uses for the fiber.	April 2021 to April 2026
National government	Broaden uses of mohair. Invest in manufacturing center for new applications for mohair.	Support research into new applications for mohair (and wool) by rejuvenating the CSIR Fiber Division. DTI and IDC to invest in green manufacturing center for new, niche market mohair products that involve the creation of a large number of jobs.	July 2022 onward
Other	Lobby government and industry to support research capability into new applications for mohair. Lobby potential new users of mohair to use the fiber. Invest in manufacturing.	Producer associations to lobby government to reestablish research capability in mohair (and wool) Wind farm trusts to invest in green manufacturing center for niche market mohair products for international, high value market.	March 2021 onward

2.4 ENSURE MARKET ACCESS

2.4.1 CHALLENGE

Mohair has moved from being a commodity to a luxury niche market product. And the market has become more discerning with respect to the conditions under which mohair is produced. This is particularly true in the high-value European and North American markets, but it is also becoming a consideration in Asia—primarily through the increased penetration of international brands. Whereas price and quality were the only real considerations in the past, consumers now increasingly demand green or sustainably produced mohair. Mohair must be produced in a way that is ethical, fair, humane towards animals, and environmentally sustainable. These market demands are becoming a prerequisite for access to the high-value markets. Generally, certified green mohair also attracts a seven percent to 12 percent price premium. Greening is also beneficial to farmers. Not only does it increase profitability⁵, but it builds resilience to the impacts of climate change.

2.4.2 RESPONSE

Provide support to farmers to understand the changes in the market and in adjusting their farming methods to meet the emerging market demands for ethical, fair, and sustainable production, including completing the associated paperwork and administration. Provide technical information about new technologies and systems

⁵ Greening activities increase the production cost of mohair, but this more than compensated for by an increase in mohair yield per goat, and increase in the number of kids, and a price premium on green mohair.

relating to optimal animal stocking levels and mixes on farms as well as ideal camp sizes, number of water points, etc. water provision for livestock through solar and wind, and efficient low-cost irrigation.

Producers need to adapt to the new, emerging market and change their production processes accordingly. However, there is a challenge relating to the multiplicity of standards and requirements from different market players. Consolidating these standards into a single, comprehensive standard covering key requirements for market access greatly assist in encouraging and supporting more producers to adopt green production. Once the basics for market access have been negotiated with the market, then additional sustainability elements can be added and incentives to support their uptake can be negotiated.

Table 4: Action plan elements: market development

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	Provide information about changing market requirements	Assist in spreading message at local stock sales and farmer gatherings about the changing nature of the market and advantages of greening production.	March 2021 to March 2022 and on-going.
Province	Provide information about changing market requirements. Provision of technical knowledge about greening and building climate change resilience.	Provide specific guidelines for farmers to green their production and build climate change resilience. Provide on-going, effective extension support to the emerging mohair farmers. Support a coherent green branding exercise in partnership with the private sector.	February 2021 to July 2023
National government	Support more effective marketing and promotion at targeted potential users and at specific trade events. This will involve obtaining agreement on the message to be communicated and oversight of marketing communications. Phytosanitary issues swiftly dealt with. Active promotion of fair, sustainable, and ethical production and SA international image in this regard.	National government to swiftly respond to phytosanitary issues and outbreaks of diseases like foot-and-mouth disease. SA foreign missions to actively promote the image of SA as a green and ethical producer of mohair (and wool) emphasizing the tangible steps in this regard that place the mohair (and wool) industries at the forefront of international “good practice.”	July 2021 to July 2026
Other	Proactive marketing of green mohair and its advantages. Coherence between individual company’s promotion and marketing and that of the government agencies and entities like the mohair and wool cluster.	Mohair and wool cluster to be more creative in its promotion and marketing. Private sector buyers and users of mohair (national and international) to contribute to a coherent message about green production along the value chain in SA.	March 2021 to June 2023

2.5 CONTAIN SPREAD OF DISEASE

2.5.1 CHALLENGE

Animal diseases that affect the Angora goats have always been present. However, with climate change and the changing climatic profiles of the growing areas, existing diseases are extending their range and diseases new to the areas are emerging. Heartwater, for example, has been common in the moister Eastern areas where ticks

(which act as vectors) have thrived. The range of heartwater is spreading and generally moving westward into areas where it was less common.

2.5.2 RESPONSE

Prevention is the most efficient way of addressing challenges relating to animal diseases. Providing farmers with the most efficacious and environmentally safe preventative sprays and dips would also greatly reduce losses without damaging the product and losing market access through unacceptable levels of residues on the fibers. Veld burning regimes can also be used to optimize the impact upon controlling ticks and pests. However, this needs to be done carefully to avoid negative impacts upon the vegetation types.

Rapid detection of disease outbreaks is crucial in organizing a rapid response to contain the challenges. Having good communication platforms between the animal health authorities and the farmers, perhaps through an IT platform, could assist.

Table 5: Action plan elements: disease

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	Communicate with local farmers to provide intelligence on disease issues.	Local municipalities should use their proximity to farmers to monitor and detect any disease outbreaks. This can be done through regular engagement with the local farmer associations and linked to the fire officer, which is a district function.	March 2021 to March 2026
Province	Take action to contain disease outbreaks and sudden prevalence. Supply preventative (acceptable) sprays and treatment for disease prevention.	Province (DRDAR) and ECRDA to set in place a communication system with farmers. Province and ECRDA supply (acceptable and biodegradable) sprays for emerging and commercial farmers.	March 2021 to March 2026
National government	Conclude phytosanitary agreements with all mohair (and wool) trading partners. Ensure rapid response to outbreaks of animal diseases and engage with authorities in customer countries to maintain market.	Department of Agriculture to conclude phytosanitary agreements with key market countries. Department of Agriculture to establish a rapid response unit to engage rapidly with authorities in customer countries.	June 2021, on-going.
Other	Communication between farmers and authorities on disease patterns and outbreaks.	Organized agriculture to have open channel for rapid communication with national and provincial government authorities and the state vet.	June 2021, on-going

The South African Department of Agriculture also needs to conclude phytosanitary agreements with the mohair and wool destination countries and react swiftly and efficiently to contain outbreaks of diseases (like foot-and-mouth disease) that impact upon the export of agricultural products.

2.6 ADDRESS CLIMATE CHANGE AND DROUGHT

2.6.1 CHALLENGE

Climate change impacts can be multidimensional. One of the major elements is likely to be more frequent and more intense drought episodes in the potential mohair producing areas. The industry is currently struggling with the second major drought in six years.

2.6.2 RESPONSE

Measures to assist farmers to build their resilience to the impacts of climate change include: running the correct mix of animals on the farm adjusted to the specific characteristics of the farm; careful veld management; appropriate and conservative stocking levels; developing and managing water resources in a sustainable way (protected and lined dams, etc.); establishing sufficient water points for livestock; developing well-fenced and sufficient camps for rotational flexibility; sourcing additional and affordable feed and using efficient drag micro-drip irrigation for pastures as well as rotating feed crops and maintaining soil fertility in pastures; and reducing stock numbers when drought conditions start. It is worth noting that these measures overlap considerably with those involved in greening production. Building resilience to climate change impacts thus significantly contributes to greening production as well.

Subsidized innovative forms of climate risk insurance should also be considered. These could be related to a clear set of indicators that trigger payments when climatic conditions like annual rainfall move outside of specified “normal” thresholds (Greatrex, et al., 2015; IFC, 2016). Insurance could be underwritten by approaches to the Green Climate Fund through the collective efforts of developing countries. The insurance agreement with farmers would need to include clear set of conditions that the farmers would have to meet to qualify. These should include the elements for sustainable farming and resilience-building noted earlier. Providing heavily subsidized insurance⁶ would contribute to reducing the risk of Angora goat farming and encourage new entrants.

⁶ Although farmers would have to make at least some affordable contributory payment in addition to meeting sustainable farming guidelines.

Table 6: Action plan elements: climate change and drought

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	<p>Establish an effective communication system on disasters within the municipality</p> <p>Establish an effective distribution network for disaster assistance in municipality.</p>	<p>Municipality to set up a disaster and crisis communication network with farmers; should include an early warning system (use IT platforms).</p> <p>Municipality to put an effective network of operatives in place to facilitate disaster support.</p>	<p>May 2021 to May 2023</p> <p>There are already fire officers and drought focal points. These need to be improved.</p>
Province (including ECRDA)	<p>Establish correct animal mix for particular farm and establish and maintain conservative and sustainable stocking levels.</p> <p>Provide veld management guidelines and fire regime guidelines to take account of climate change.</p> <p>Provide resources (through concessional finance) to emerging farmers on state-owned land for infrastructure and equipment for improved, sustainable green farming</p> <p>Feed support in times of drought/fire.</p> <p>Emergency relief in times of crisis.</p> <p>Manage/implement climate change disaster insurance scheme on behalf of national government.</p>	<p>DRDAR (province), and ECRDA need to work with institutions like Humansdorp Cooperative provide effective advice (extension services) to farmers, using personnel who understand climate change and effective and practical climate change impact mitigation measures that include conservative veld and fire management.</p> <p>Establish feed banks in good years for crisis years.</p> <p>DRDAR, ECRDA, and partner institutions to provide “soft” loans to farmers on condition that they adopt and abide by rules (guidelines) for sustainable green and resilient farming that allow them to access lucrative markets and build their resilience.</p> <p>Province (ECRDA and others) to manage operation of climate-related disaster insurance scheme.</p>	<p>May 2023 to May 2029</p> <p>June 2024 to June 2029</p> <p>June 2024 to June 2029</p> <p>January 2024, ongoing</p>
National government	<p>Develop/manage suitable insurance schemes to deal with natural disasters like droughts that are linked to climate change.</p> <p>Coordinate with multilaterals and other funders to access international funding.</p>	<p>National government to work with other developing country governments to press for the Green Climate Fund (GCF) to underwrite a climate disaster insurance fund for famers who farm in a sustainable, climate resilient way (in line with the guidelines and rules)</p>	<p>June 2023 to June 2028</p>
Other	<p>Bulk “soft” loans for farmers who adopt sustainable, resilient practices.</p>	<p>IFAD and other international support partner agencies to supply “soft” loan to Eastern Cape Government (ECRDA or other relevant agency) for on-lending to farmers (mostly emerging farmers) who observe the sustainable, resilient farm guidelines and practice rules.</p>	<p>July 2024 to July 2029</p>

2.7 REDUCE THE IMPACT OF AGRICULTURE-WILDLIFE CONFLICT

2.7.1 CHALLENGE

Jackals, caracals, bushpigs and even crows take a toll on kids. The Black Eagle opportunistically feeds on Angora goat kids, but its impact is very seasonal and does not have as heavy an impact as the others. Farmers who do

not control this human/agriculture wildlife conflict can suffer large losses that threaten their operations due to this wildlife conflict.

The issue of agriculture-wildlife conflict control is contentious within sustainability certification. Approaches like gin traps, poisoning, and the use of dog packs is undesirable and can result in denial of a certificate of approval. Professional night hunting has not been ruled out, but the market generally prefers the use of preventative non-lethal measures like jackal-proof fencing, electronic surveillance, guard animals, strong noxious scents to deter predators, sounds to deter predators, etc. These can contribute to predator reducing agriculture-wildlife conflict but are costly to implement compared to less humane techniques.

2.7.2 RESPONSE

Agriculture-wildlife conflict control measures are more affordable if procured in bulk, and the establishment of a support system to provide this assistance could reduce costs and limit losses. The problem with jackal proof fencing is related to the increase in warthogs in the area (which is linked to an increasing number of game farms). They create holes in the fences that are swiftly exploited by jackals. The expanding number of warthogs with the consequent damage they cause, has become a major concern and there has been talk of establishing a regulated warthog hunting market.

The red meat, wool, mohair, and wildlife ranching industries established “Predation Management SA,” a forum that aims to address the issue in a responsible manner. This deserves support to ensure that the humane control measures introduced are in line with acceptable market procedures. These need to be developed further and negotiated with the markets.

Table 7: Action plan elements: agriculture-wildlife conflict

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	Discussion with and information to farmers on agriculture-wildlife conflict control measures that are accepted by the market.	Local government to initiate events in their locality to stimulate local discussion on agriculture-wildlife conflict challenges and market acceptable control measures.	March 2021 to March 2023
Province	Training on agriculture-wildlife conflict control.	Run training sessions/workshops on acceptable measures of agriculture-wildlife conflict control for farmers.	June 2021 to June 2023
National government	Supportive legislation and regulation for effective and humane agriculture-wildlife conflict control that also addresses biodiversity concerns.	Ensure legislation and regulations support humane control measures that are in line with the market expectations.	May 2021, ongoing
Other	Advance research into humane and market acceptable agriculture-wildlife conflict control measures.	Mohair SA, IEH, and other industry players to support the on-going investigation of humane agriculture-wildlife conflict control measures (Predation Management SA) and provide training on predator control in partnership with government structures.	April 2021 to April 2023

2.8 CONTAIN RISING INPUT COSTS

2.8.1 CHALLENGE

Mohair farmers are price takers who face ever-increasing input costs. Some of these relate to externally determined cost elements like fuel and energy over which there is little room to maneuver. With energy farmers can convert to renewables—solar and wind—but these are associated with high up-front costs. Other costs like labor, fencing, feed, and transport are also determined beyond the immediate control of the farmer, though they have more flexibility in controlling these by implementing behavioral interventions such as supplementing wages with other benefits (in lieu of increased pay), fence walking every day (to get better use out of cheaper fences), growing their own feed (where possible) or to barter with nearby farmers to exchange particular skill or surplus supplies. This could extend to agreements to share tractors or other equipment in times of high demand.

2.8.2 RESPONSE

As discussed in the previous section, bulk sourcing of predator control measures and testing these collectively across many farming units could reduce costs and increase effectivity. Cooperative approaches at predator control by neighbors are generally more effective than individual attempts. Some agreement with the game farmers is necessary as their farms frequently serve as pools of predators and warthogs.

Farm labor cost is generally relatively low compared to other sectors. However, salaries and wages are increasing as a result of collective bargaining and increased minimum wages. To ensure farms remain profitable, there needs to be a concomitant increase in productivity. One important element of this would be improved training and skills development for the farm workers. Labor cost increases can also be contained by supplementing wages and salaries with other benefits (which could include training to make the farm workers able to command higher incomes at larger farms in future).

Building partnerships can serve to moderate the rising input costs through sharing equipment where possible and support sharing of learnings and experience. A closer working relationship between farmers also creates greater security through a sense of community. Support for the Mohair Empowerment Trust and linking with ECRDA's other partners, national and international, private and public sector, are further measures that can be used to mitigate cost increases.

Sharing of vehicles ensure cost-effective transporting of produce and goods, including inputs where these can be aggregated, can also reduce input cost. Activity costs can also be reduced if neighboring farms develop a shared fence-walking roster, for example.

A training and small enterprise development program for young people from rural areas should be initiated reduce the cost of windmill parts and repairing damaged windmills. Many farmers prefer to continue using windmills, or struggle to raise the upfront cost of solar pumps, etc., but are put off by the costs and the reduced number of people able to maintain and service them.

Table 8: Action plan elements: rising input costs

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	Create local predator control forums to share experience of how to undertake predator cost-effectively.	Municipality to work with the industry associations to establish a local predator control forum.	May 2022 to May 2026
Province	Build partnerships between public and private sector entities to effect economies of scale to contain costs. Establish an information clearing house to enable bulk buying and shared transport. Encourage farmers to cooperate for sourcing bulk inputs to reduce costs. This should include large commercial and emerging farmers and coordinate transport. Provide training aimed at increasing on-farm productivity in partnership with organized agriculture (Agri-EC, AFASA, and union)	Province should partner with private sector to establish information system that allows partnerships for bulk buying of inputs and includes emerging and established commercial farmers. ECRDA, organized agriculture, unions and private sector training organizations and colleges to provide SACVA approved training for improved on-farm productivity.	June 2023 to June 2027
National government	Support for partnerships.	National government to provide political support for partnerships.	June 2023 to June 2027
Other	Training for productivity. Partnership participation.	MSA, SAMGA, and companies to partner with government to support farmer partnerships, bulk buying, and training for productivity improvement.	June 2023 to June 2027

2.9 INCREASE FARM SECURITY

2.9.1 CHALLENGE

The high incidence of small livestock theft as well as farm attacks have been noted as major issues for farmers. The impacts of these involve high costs and personal trauma. They also act as a disincentive to investment in farming. Farmworkers have a key role in increasing farm security even though they are very rarely the perpetrators of farm attacks. They are often more integrated with the local community than the farmers and know when strangers or other potentially problematic entities are in the area. Inside information from disgruntled farm workers sometimes contribute to farm attacks.

2.9.2 RESPONSE

A key element in addressing both types of safety issues is the relationship between farmers and the workers on the farm as well as the neighboring community.

A farmer-worker “pact” or agreement should be developed. This should be the starting point before other elements that include improved information communication, policing and local intelligence gathering, and training and capacity-building are added.

This could include a range of elements dealing with the behavior of both parties—farmers and farm workers. It is notable, though not surprising, from a study conducted for IEH Norway that the best relationships between farmers and their workers was found on farms where workers felt fairly- and well-treated.

Table 9: Action plan elements: farm security

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	<p>Public awareness about crime and development should be increased.</p> <p>Strengthen area policing.</p> <p>Establish farmer-worker pacts.</p> <p>Local security networks (police fora) strengthened.</p>	<p>Local government to run an awareness campaign to sensitize communities about link between crime and development.</p> <p>Local government to lobby for and support effective policing.</p> <p>Local government to provide political support for the movement to establish farmer-worker pacts.</p> <p>Convene and strengthen local security networks to assist all.</p>	May 2021 to May 2025
Province	<p>Support for area policing strengthening.</p> <p>Coordination of security information sharing across municipalities and districts in the province.</p> <p>Support training and capacity building around security issues.</p>	<p>Province to provide political backing for area policing strengthening.</p> <p>Province to establish a regular security information sharing network across municipalities and districts.</p> <p>Province to co-fund training on security for farm workers and key local individuals.</p>	<p>May 2021 – on-going</p> <p>June 2021 – on-going</p> <p>May 2022 to June 2025</p>
National government	<p>Support for area policing strengthening.</p> <p>Additional resources for effective policing in rural localities.</p> <p>Establish effective crime intelligence gathering in rural areas.</p> <p>Politically support concept of farmer-worker pacts.</p>	<p>National government to provide additional resources for rural area policing.</p> <p>National government to provide additional resources for rural crime intelligence gathering.</p> <p>National government to endorse farmer-worker pact movement.</p>	May 2021 – on-going
Other	<p>Support ethical, fair, and sustainable development to meet the international demanding standards</p> <p>Support farmer-worker pacts</p> <p>Improve farmer-to-farmer security communication.</p> <p>Support capacity-building/training for farm workers and key local individuals.</p>	<p>Adopt and meet international fair, ethical, and sustainable standards that include labor practices.</p> <p>Commit to progressive farmer-worker pacts on relative responsibilities.</p> <p>Support capacity-building and training on security and other elements for farm workers and key local community individuals.</p> <p>Act concertedly against poor labor practices within the industry.</p>	May 2021 onward

Farms that provided production target and efficiency incentives tended to be very successful. Therefore, the “pact” could cover elements like production incentive bonuses as well as farm accommodation and other ways of sharing in farm prosperity. It should also cover responsible behavior of workers and their responsibility to provide information relating to security matters.

Improving the efficiency and information flow elements of rural area police forums is another strategy that could assist in reducing crime and farm attacks.

2.10 IMPROVE INVESTMENT CLIMATE

2.10.1 CHALLENGE

Farmers consistently note the impact of political, policy, and regulatory uncertainty under which they currently operate as a major investment disincentive. The uncertainty contributes to a short-term approach that limits moving to sustainable production. Investment into the agricultural sector is also inhibited by the poor provision of local services like water, sanitation, power, and roads in the towns and rural areas. This fuels negative perceptions and disinclines investors from committing long-term resources. It is perceived as a failure of governance. The poor performance of agricultural extension service support to emerging farmers is another element that affects investment

2.10.2 RESPONSE

This element is crucial, but the solution lies largely at a national policy level with the Government of South Africa. Concluding the issues around land ownership and usage and providing clear direction on the way forward is long overdue. The national dialogue on these issues needs to be concluded and government must finalize the related regulations as a matter of urgency. This should include increasing the efficiency and integrity of government institutions responsible for agriculture and rural development. Government needs to streamline its operations in the rural areas and be more effective and supportive, and establish a rural pact between farmers and government.

Rural service delivery needs to be increased. Support for greater production will lead to an increased local tax base, but the municipality and district must supply the necessary services to allow this. Local government needs to be properly capacitated to do this, and proper governance structures need to be in place to hold local government to account for poor delivery.

The extension service ecosystem is in urgent need of improvement or some say, overhaul and the Department for Rural Development and Agriculture should explore ways of working more in partnership with the private sector and other service providers to provide the support needed.

Table 10: Action plan elements: investment climate

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	Effective service delivery prioritized.	Local government to provide reliable basic services like water, sanitation, and power.	March 2021 on-going
Province	Improved farming by emerging farmers.	Province to provide effective extension services in partnership with private sector.	May 2022 to May 2027
National government	Provide policy certainty on land and rural development. Support effective partnerships.	National government to conclude policy formulation on land reform and rural development and provide clear direction. National government to provide incentives and clear policy in support of fair partnerships in rural development of farming between emerging farmers and established commercial operations.	May 2021 to May 2026
Other	Investment into farming and rural development. Adoption of the ethical, fair, humane, and sustainable method of farming to transform into a green production sector.	Once policy and regulatory environment stabilized, private sector needs to invest in “transformed” agriculture and rural development approaches and conclude pacts with workers and rural communities.	July 2021 on-going

2.11 INCREASE ACCESS TO DEVELOPMENT FINANCE

2.11.1 CHALLENGE

Once a conducive policy and regulatory environment has been created to support investment in mohair farming, making development capital more readily available at affordable interest rates will become crucial. This should also be linked to a set of conditions that bind the farmer into sustainable farming. Many emerging farmers have been settled on farms purchased by the government but lack the capital to develop the farms.

2.11.2 RESPONSE

To increase the long-term viability of farmers, a set of guidelines linking development finance with sustainable (and climate resilient) farming practices will be important.

An affordable loan system, underwritten by the Government of South Africa or the relevant provincial governments, should be developed to provide concessionary loans to farmers who meet agreed sustainable farming criteria. Administering these loans through support agencies with a track record of managing loans and providing technical support to farmers like ECRDA and the Humansdorp Cooperative will be key in ensuring that the right kind of finance is deployed at the right time, and that farmers have the skills to leverage the access to concessionary finance into greater competitiveness.

Furthermore, building effective partnerships with agencies like the Mohair Empowerment Trust and linking them with the ECRDA and other partners, national and international, and private and public sectors can aid the process of obtaining financial support for emerging farmers and improving their sustainability.

Table 11: Action plan elements: development finance

Sphere of government	Activity	Responsibility	Time frame
Local or district municipality	Provision of additional land for emerging farmers to practice efficient, sustainable, and resilient farming.	Provision of municipal commonage land to progressive emerging farmers who adopt guidelines for efficient, sustainable, and resilient farming approaches.	June 2022 to June 2026
Province	Co-investment in infrastructure and equipment for emerging farmers through “soft” loans.	Province (ECRDA) to access loan from international funding agency (IFAD) for on-lending to emerging farmers (subject to acceptance of sustainable farming guidelines) for infrastructure and equipment and to manage the loans. Province (ECRDA) to invest co-financing for infrastructure and equipment for emerging farmers. Province, including ECRDA, to partner with private sector service delivery agencies (like Humansdorp Cooperative, BKB, Mohair Empowerment Trust to deliver effective technical support to emerging farmers.	May 2022 to May 2027
National government	Provide policy certainty. Facilitate access to loans.	National government to finalize land and rural development policy and provide certainty National treasury to agree to the acceptance of a “soft” loan from an international agency (like IFAD) for Province (ECRDA) to on-lend to emerging farmers subject to them agreeing to sustainable farming rules and conditions.	July 2020 May 2021 to May 2027
Other	Make co-financing available.	Private sector (wind farm trusts) and international agencies (IFAD and others), to co-invest with government for infrastructure and equipment for farmers.	July 2022

2.12 DEVELOP LOCAL BENEFICIATION CAPABILITY

2.12.1 CHALLENGE

South Africa is the major producer of mohair, yet there is very limited local beneficiation of the local product beyond washing and combing. There are more than 17 local producers/manufacturers of mohair products in the country. These include: Abafazi, Anette Oelefse, Adele’s Mohair, Ali-Jean Fibre Design, Cape Mohair Ltd., Coral Stephens, Elsa Barnard Mohair Carpets, Momentos of Africa, Peta Lees, Shuttleworth Weavers, The Scarf Initiative, Umsobomvu Textiles, Wolskuur Spinners CC and Ivili Laboyo. However, local production volumes are low and there is significant room for additional local mohair manufacturing.

There are two local processors of mohair in South Africa: Gubb and Inggs (Stucken Group) and South African Mohair Industries Limited (SAMIL). They currently have significant over-capacity and are running on short time in their factories. This means that processing of the fiber for additional local use is not likely to provide a bottleneck.

Local manufacturing could cover manufacturing for foreign labels and retailers who are currently outsourcing this to China or the manufacturing of niche market products locally and exporting these benefited items that are not directly competing with the current foreign buyers and retailers of mohair products.

2.12.2 RESPONSE

Shifting to green manufacturing would provide additional market access advantages and attract a premium price. A delegation of visiting representatives from retailers in Nordic countries who currently utilize modest levels of South African wool and mohair and have their manufacturing completed in China, undertook to source more wool and mohair from South Africa and to explore possible manufacturing opportunities within the country. This was based upon the on-farm production, processing, and manufacturing meeting standards for ethical, fair, sustainable, and humane production. Clearly this opportunity relates to concerns about the compliance with these standards in China and elsewhere.

On-farm greening (particularly meeting labor and animal handling standards) and establishing a “Green Manufacturing Center” within a “Green Industrial Park” close to the production areas could realize a significant local manufacturing advantage. The Nordic companies who visited as a part of the IEH mission to South Africa expressed strong interest to explore this opportunity further, but made it clear that besides the ethical and sustainable requirements, they also had other priorities. Reliability of supply is their fundamental requirement. Thus, interruptions in supply because of industrial action or any other cause is something they cannot tolerate as it impacts negatively on their brands, and protection of their brand and corporate image is their primary concern. Similarly, consistent quality is an imperative for them. They noted that China successfully and consistently supplied the quality they required without interruptions from strikes or other causes. This does provide a challenge to local manufacturing. Detailed costing of the equipment required and the manufacturing costs per garment will be necessary. Once this has been completed, securing long-term orders with a price premium as well as possible co-investment from the Nordic companies will be required.

Table 12: Action plan elements: local beneficiation

Sphere of government	Activity	Responsibility	Timeframe
Local or district municipality	<p>Establish local manufacturing center for mohair and wool.</p> <p>Formalized agreements (through leases) with farmers using the municipal commonages.</p>	<p>Provide an industrial site for production that is serviced and is green water recycling, waste management, renewable energy.</p> <p>Support (with the province) the allocation of municipal commonage land to farmers operating under strict guidelines and rules on sustainable farming.</p> <p>Provide political support to the initiative.</p>	<p>March 2021 to August 2021 to conclude agreements, then on-going</p>
Province including ECRDA	<p>Facilitate construction of the green manufacturing center.</p> <p>Assist in growing the production of green mohair by supporting emerging farmers more effectively and making low-cost loans available to emerging famers and farmers on the commonages.</p>	<p>Investment of co-financing towards the cost of the manufacturing center.</p> <p>Accept “soft” loan from IFAD (as recipient) to on-loan to emerging famers and farmers on the municipal commonages for infrastructure, animals, and technical inputs.</p> <p>Provide technical support to the emerging farmers in conjunction with the private sector (Mohair Trust Cape Wools, NWGA as well as wind farm trusts and private sector service providers.</p>	<p>March 2021 to June 2023.</p>
National government	<p>Political support to facilitate the IFAD funding.</p> <p>Co-financing for IFAD loans (and small grants) to support emerging farmers.</p>	<p>DARDLR to give initiative its political support and convince treasury to accept (as guarantor) IFAD “soft” loan offer that will go to Eastern Cape Province for pilot initiative.</p> <p>DARDLR to invest co-financing in the effort to support more emerging farmers in partnership with Department of Trade and Industry (with DARDLR support) to provide co-financing for the green manufacturing center.</p>	<p>June 2021 to June 2023</p>
Other/private sector	<p>Management expertise, co-financing, through making an investment in the green manufacturing center in partnership with state entities.</p> <p>Confirming orders for outsourced product manufacturing—so providing firm market</p>	<p>Wind farm trusts, Norwegian companies, SA investors to provide investment into the center and firm orders for outsourced manufacturing.</p>	<p>May 2021 to June 2022</p>

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