PROGRAMME 2

Farmer Support and Development

AIM
The programme develops national policies, norms and standards for farmer settlement and support, food security and rural development, agricultural finance and co-operative development and agricultural risk and disaster management.

PROGRAMME STRUCTURE
The programme comprises four directorates:

- **Farmer settlement** provides emerging farmers with access to state-owned land, chiefly through the Land Redistribution for Agricultural Development (LRAD) programme, and the leasing of land with an option to purchase, and supports emerging farmers in developing commercially viable agricultural operations.

- **Agricultural Finance and Co-operative Development** promotes equitable access to finance by emerging farmers and co-operatives.

- **Food Security and Rural Development** contributes to national food security by promoting agricultural production among emerging farmers and vulnerable households.

- **Agricultural Risk and Disaster Management** develops policies and systems to ensure that agricultural enterprises can anticipate disasters and grow and develop in the aftermath of disasters.

PROGRAMME OVERVIEW
In the ongoing drive to eliminate inequity in the agricultural sector, the programme followed a multipronged approach towards ensuring the commercial viability of emerging farmers. This approach incorporated all the critical success factors for commercial sustainability, from improved access to credit and land to post-settlement support and drought assistance schemes.

Access to finance, a major obstacle faced by many developing farmers and co-operatives, is set to improve dramatically through the forthcoming implementation of the Micro-agricultural Financial Institutions of South Africa (MAFISA). During the year under review, the programme prepared the legislative framework for MAFISA, in the form of the Bill on Agricultural Credit Scheme, and commenced with the consultative process. As a precursor to the national roll-out, launch pilot sites were established in three provinces, namely Limpopo, the Eastern Cape and KwaZulu-Natal.

Support services available to emerging farmers and co-operatives were substantially extended during 2004/05 through the launch of the Comprehensive Agricultural Support Programme (CASP). More than 45 200 farmers and 21 000 households benefited from these post-settlement services, which included technical and advisory services, training and capacity building, and on and off-farm infrastructure services.

To evaluate the commercial viability of existing land reform projects, a pilot study of 145 projects was undertaken in Mpumalanga, North West Province and the Free State. The results will be used to develop a comprehensive re-engineering plan for projects that are not fully functioning or are struggling to become viable.
The programme, which is responsible for the food production component of the interdepartmental Integrated Food Security and Nutrition Programme (IFSNP), prepared to extend the distribution of home production starter packs to many more food-insecure households. To date, starter packs have been distributed to just over 18 000 households and this will increase to more than 60 000 through the extended programme.

Since drought and erratic weather patterns, along with land degradation, pose a severe threat to national food security and agricultural sector growth, the programme intensified efforts to improve drought management. A draft Drought Management Plan was drafted during the year and has been submitted to the Minister for Agriculture and Land Affairs. Once finalised, the plan will be aligned with the National Disaster Management Framework managed by the Department of Provincial and Local Government.

The transfer of the Registrar of Co-operatives to the Department of Trade and Industry (dti) was finalised during the period under review. All co-operative development activities are reported under the review of the Directorate Agricultural Finance and Co-operative Development.

**KEY OUTPUTS, INDICATORS AND TARGETS**

Measurable objective: Promote equitable access to and sustained participation of emerging farmers in the sector by developing appropriate policies and co-ordinating implementation with provincial departments of agriculture.

<table>
<thead>
<tr>
<th>Directorate</th>
<th>Output</th>
<th>Measure/indicators</th>
<th>Target</th>
<th>Status/comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmer Settlement</td>
<td>900 commercial farmers</td>
<td>Number of viable commercial farmers</td>
<td>Increased wealth creation in agriculture and rural areas</td>
<td>45 245 farmers/21 017 households benefited from CASP. Infrastructure development programmes and projects are beginning to show progress</td>
</tr>
<tr>
<td>Agricultural Finance and Co-operative Development</td>
<td>15 village banks</td>
<td>Number of village banks</td>
<td>All unencumbered state land transferred/disposed of</td>
<td>11 Village banks established</td>
</tr>
<tr>
<td>Food Security and Rural Development</td>
<td>30 viable agricultural co-operatives</td>
<td>Number of registered agricultural co-operatives</td>
<td>Improved community-based financial services system</td>
<td>82 Agriculture co-operatives registered and operational</td>
</tr>
<tr>
<td>Food Security and Rural Development</td>
<td>200 000 households linked to IFSNP projects</td>
<td>Number of vulnerable people</td>
<td>Reduction of number of food insecure and malnourished people</td>
<td>18 575 households received home production starter packs, and 240 000 households received food parcels through the IFSNP programme</td>
</tr>
<tr>
<td>Agricultural Risk and Disaster Management</td>
<td>Reduction in agricultural risks</td>
<td>Implementation of a disaster and risk management programme and provision of advisory services to farmers</td>
<td>Implementation of programme throughout 2004 and advisories to be provided monthly</td>
<td>Drought management plan approved by DECO and submitted to the Minister for final approval</td>
</tr>
<tr>
<td>Registrar of Co-operatives</td>
<td>Transfer of function to the Department of Trade and Industry (dti)</td>
<td>Finalisation of transfer</td>
<td>By June 2004</td>
<td>Transferred to the dti on 1 April 2005</td>
</tr>
</tbody>
</table>
The commercial viability of emerging farmers in South Africa depends on the level of support they receive, not just in acquiring agricultural land but in post-settlement capacity building and access to services. The Directorate Farmer Settlement contributes directly to this by ensuring a sound policy framework and service delivery platform for the settlement and support of new farmers from previously disadvantaged communities.

**CORE OBJECTIVES AND OUTPUTS FOR 2004/05**

In previous years, the directorate’s performance was assessed in terms of growth in the number of commercially viable farmers settled, based on an annual target of 100 farmers per province in the medium term.

During the year under review, however, the directorate’s role was broadened as a result of the launch in August 2004 of CASP. Designed to raise the level and quality of agricultural support to emerging farmers, the launch of CASP has added to the portfolio of the directorate, which is now responsible for planning and co-ordinating departmental inputs for the rolling out of agricultural support services available through CASP. The directorate retained its existing responsibilities in terms of farmer settlement through the LRAD Programme.

**ACHIEVEMENTS**

**CASP**

Support available to emerging farmers through CASP includes amongst others the following: information and knowledge management, technical and advisory assistance, training and capacity building, market and business development, on and off-farm infrastructure services and regulatory services. These services are delivered by the provincial departments of agriculture, with the directorate overseeing planning, funding and delivery procedures and processes, as well as monitoring service delivery.

Immediately after the launch of CASP in August 2004, the directorate took part in an exercise designed to ensure alignment of CASP activities at national, provincial and local level. During September, the directorate then participated in visits to the provinces, at which procedures and processes were outlined for the rolling out of CASP support services. For example, to obtain CASP funding, provincial departments are expected to submit comprehensive business plans, as well as to prepare quarterly progress reports.

Although launched almost five months into the financial year, solid progress had been made in implementing CASP by 31 March 2005. According to the quarterly reports from the provinces, a total of 45 245 farmers plus 21 017 households benefited from the programme during the year, equating to an investment of over R125 million.

**Farmer-to-Farmer Mentorship Policy**

Another important CASP-related achievement was the preparation of a final draft policy for Farmer-to-Farmer Mentorships, intended to encourage mentorship relationships between established agriculture and emerging farmers.

The draft policy was presented to stakeholders, including provincial departments, the private sector and agricultural unions, at a workshop held on 20 October 2004, where it was favourably received. A decision was taken to further develop the draft policy by appointing a representative task team, whose recommendations were incorporated into the
refined policy. This was then re-submitted to departmental top management for approval. The policy document was approved at the level of the Agriculture and Sustainable Rural Development Committee (ASRDC) and has been submitted to the Departmental Executive Committee (DEXCO) for final approval.

Appraisal of land reform projects

The directorate commissioned a pilot study in three provinces, namely Mpumalanga, North West and Free State, to evaluate existing land reform projects. The aim is to develop a comprehensive re-engineering plan for those projects that are not commercially viable. About 145 land and agrarian reform projects, (mainly LRAD), were sampled across three provinces to assess their commercial viability.

According to the research findings, some projects are operational, while others are still non-functional and therefore do not meet the land reform objective of commercial viability. There were a number of reasons for the nonfunctionality of some projects, including conflict among and within groups, loss of interest from some of the beneficiaries, lack of adequate infrastructure and insufficient farm income.

As part of the re-engineering plan for the land and agrarian reform projects, the three studies recommended the introduction of the mentorship programme for beneficiaries, in view of capacity problems within the provincial departments of agriculture. The need for co-ordination between government departments in the implementation of land reform projects emerged as a crucial element for the economic viability of projects. Small groups or individuals should be preferred, as these are less likely to encounter loss of interest and a range of managerial problems that ultimately lead to project failure.

Other land delivery achievements for the year under review include:

- The granting of 19 new land leases and the renewal of two leases for the use of state-owned land by emerging farmers, bringing the total number of leases granted to date to 88.
- The granting of two approvals by the Department of Public Works for the disposal of state-owned land through LRAD.
- The collection of land rentals totalling R112 510,59 for the year under review.
- The adoption of a new debtor system that allows beneficiaries (lessees) to pay their rent into their nearest Standard Bank account, thus reducing the burden or inconvenience of having to travel long distances to pay their rent.

Agricultural Finance and Co-operative Development

Lack of access to agricultural credit and capital is a major stumbling block in the path of emerging and small-scale farmers, as well as co-operatives. During the year under review, this directorate played a leading role in preparing and refining the policy environment that will broaden access to financing, putting cost-effective financial services within the reach of up to 10 million potential beneficiaries over the next 10 years.

CORE OBJECTIVES AND OUTPUTS FOR 2004/05

According to the department’s Strategic plan, the directorate’s key deliverables for the year were linked to CASP, IFSNP, AgriBEE, and AADP.
In his State of the nation address in May 2004, President Thabo Mbeki announced sweeping changes to government's policy on agricultural financing. Chiefly, the shift would see increasing support for the rural poor previously denied access to fair, cost-effective credit. As a result, the directorate reprioritised the establishment of the Agriculture Credit Scheme so as to fast track the implementation of MAFISA.

It is important for MAFISA to have its own founding legislative framework. No such framework exists currently, as the Agricultural Credit Act was repealed by the Agricultural Debt Management Act of 2001. The latter was enacted with the sole purpose of recovering agricultural debt and so is not suitable for the financial services and products envisaged through MAFISA.

This vacuum is being addressed through the Bill on Agricultural Credit Scheme. The Bill has been drafted and the consultation process has started within the department and the Agricultural Finance Development Working Group, which includes commercial banks, development finance institutions and locally based user-owned finance institutions.

In the mean time, good progress has been made in preparing for the launch of MAFISA, the first state-owned scheme to provide micro and retail agricultural financial services on a large scale.

Cabinet in January 2005 approved the concept business plan for the scheme in principle, covering among others the following matters: strategic objectives of the scheme; envisaged products and services; the target market; envisaged service provision criteria; envisaged lending policy and parameters; major performance indicators and envisaged institutional arrangements.

The concept business plan for MAFISA, which could potentially reach 10 million beneficiaries by 2015, provides for a consolidated three-tier financial system that will be phased in over time:

- Tier one: a national wholesaler structure for access to capital markets and corporate banking.
- Tier two: a provincial apex structure that services local banks.
- Tier three: local retail financial services co-operatives.

In the first phase, the initial emphasis will be on the provincial and local structures, and on establishing closer working relationships among the national, provincial and local structures. During the year, launch pilot sites were established at Sekhukhune in Limpopo Province, OR Tambo in the Eastern Cape, and Mkhanyakude in KwaZulu-Natal.

In March 2005, the directorate undertook a study visit to India to expand our knowledge base on working with self-help groups with regard to their social capital building, savings mobilisation and linkages to enterprise development. This study will benefit MAFISA by promoting the savings-first approach for South African self-help groups.

During the year under review, the directorate made good progress in establishing a sound policy environment and support programmes for the development of agricultural co-operatives, particularly in the rural nodes.

In 2004, we completed the task of drafting a policy and strategy for Co-operative Development, and initiated the process of eliciting public comment. An important feature of the new policy is its emphasis on ensuring synergy with other strategic programmes, particularly CASP and AgriBEE.

With the consultation process in motion, the directorate continued with the existing programme of facilitating the establishment of agricultural co-operatives and of promoting awareness, training and capacity building.

Highlights of this programme during 2004/05 follow on the next page.
• Establishment of 130 agricultural co-operatives across the nine provinces.
• Establishment of five new financial services co-operatives in Mpumalanga and Limpopo.
• Assistance provided to the Financial Services Co-operatives (FSCs) in registering the Apex body for these co-operatives. This body was also linked to other service providers for capacity development, training and community mobilisation. Furthermore, by August 2004, the auditing of all FSCs had been completed, after which a final audit report was compiled.
• The introduction and extension of service delivery structures for co-operative development. One of the new structures established during the year was the Bojanala Co-operative Development Hub in North West Province.
• A total of 40 co-operative business planning workshops and awareness workshops were conducted during 2004/05.

Food Security and Rural Development

By 2015, government aims to reduce by half the number of food-insecure households in South Africa, currently estimated at 2.2 million and mostly concentrated in the rural areas. The Directorate Food Security and Rural Development drives the agricultural policy and infrastructure backbone that supports government’s plans to promote food security within South Africa’s borders and in neighbouring Southern African countries.

In fulfilling this role, the directorate is responsible for developing, implementing and reviewing food security policy and legislation, as well as for designing, planning and implementing integrated food security programmes and providing information on food security and agricultural and rural development.

CORE OBJECTIVES AND OUTPUTS FOR 2004/05

The main emphasis was on promoting national and regional food security, through IFSNP. However, certain deliverables were also linked to CASP.

ACHIEVEMENTS

IFSNP

Food security has ranked high on the national agenda since 1994. Although the plight of the poor and malnourished has improved in the first decade of democracy, there has been growing recognition that a more integrated approach is needed to ensure sustainable results as opposed to quick-fix aid projects. Thus, as a matter of urgency, the directorate revisited national food security policy while improving existing food security programmes.

The 1997 Food Security Policy Discussion Document was reviewed and a White Paper prepared for comment by the Departmental ASRD committee. This document was referred back to the directorate for amendments and in anticipation of the Cabinet memorandum on the right of access to food, which was still outstanding at the end of the financial year. In the mean time, the directorate is making plans to ensure a comprehensive consultation process once a draft policy has been approved.

The Food Security Bill has been drafted and went through consultation with various stakeholders to investigate the need for food security legislation. The directorate participated in the development of the approved voluntary guidelines on the right to food.
The directorate also made good progress in drafting an annual report on food security, which is due to be released early in the next financial year.

Food Insecurity and Vulnerability Information Mapping System (FIVIMS)

Developed in the previous financial year, this system supports effective decision making and ongoing surveillance of vulnerable and potentially vulnerable areas within the country. Mapping data is drawn from StatsSA, based on household expenditure information.

During the year under review, a second iteration of the FIVIMS model was tested and demonstrated to the FIVIMS advisory panel set up to critique the system and advise on its ongoing development.

A tender to the value of R2.3 million was awarded to a consortium of six institutions to establish and pilot a FIVIMS programme in the Sekhukhune Integrated Sustainable Rural Development Programme Node (ISRDP). This programme seeks to profile the food-insecure population and will also serve as a decision-making and monitoring tool. The pilot programme was implemented during the year under review and, once tested, will be expanded to other ISRDP nodes. The organisations involved in the project are the Human Sciences Research Council, the Council for Scientific and Industrial Research, the Agricultural Research Council, the universities of the Western Cape, Cape Town and Witwatersrand and a private IT company.

CASP

In the year under review, the directorate drafted norms and standards to extend the distribution of agricultural starter packs for home food production. The aim is to reach 62,000 food-insecure or vulnerable households across the provinces in the 2005/06 financial year. There has been a pressing need for standard operating procedures, as project identification and planning for beneficiaries has tended to be fragmented.

The starter-pack project was initiated in 2002 and, to date, starter packs have been delivered to 18,575 households, representing a total investment of just over R37 million. This is part of the IFSNP goal of building a culture of self-sustainability through home and communal gardens, as well as business-focused enterprises.

Agricultural Risk and Disaster Management

For the past five years, the dry conditions prevailing over most of South Africa and the Southern African Development Community region have highlighted the importance of effective agricultural risk and disaster management. While some degree of crisis management is inevitable in a sector so vulnerable to unpredictable weather patterns, the directorate strives to be as proactive as possible. Through the use of early-warning systems, we aim to anticipate rather than react and, through advance planning, we endeavour to ensure a co-ordinated, targeted response to assistance schemes and post-disaster recovery and rehabilitation.

OBJECTIVES AND OUTPUTS FOR 2004/05

The department's Strategic plan spelt out a number of critical deliverables for the directorate. Chiefly, these were to formulate and
implement a drought management plan, facilitate the drafting of the agricultural risk and disaster management plans, develop an agricultural climate change policy framework, reimburse farmers who were affected by the cold spell of 2002 and issue early warning monthly advisories to the sector. The directorate was also required to design and implement disaster schemes, assist farmers during droughts, empower extension and technology transfer officers to interpret weather and climate information for farmers, and raise awareness in the sector about risk and disaster management.

ACHIEVEMENTS

The directorate’s performance for 2004/05 should be seen in the context of key departmental priorities such as CASP, IFSNP and AADP.

CASP

During the year, a task team developed a draft Drought Management Plan, previously known as the Drought Management Strategy. The directorate incorporated all inputs, including feedback from workshops with organised agriculture and the provincial departments of agriculture, and submitted the draft to the Departmental Executive Committee (DEXCO). After approving the draft Drought Management Plan, DEXCO recommended it be submitted to the Minister for approval. A consultation process with all stakeholders will then follow.

Once finalised, the Drought Management Plan will be aligned with the National Disaster Management Framework of the Department of Provincial and Local Government (DPLG). The alignment process will also include the other components of the directorate’s agricultural risk and disaster management planning, including the Agricultural Assistance Schemes Strategy and the Disaster Management Plan.

Although the directorate is still working on the agricultural risk and disaster management plans, following the recent release of the DPLG’s National Disaster Management Framework, the directorate is already implementing some of the procedures for addressing risk and disaster management.

During the year, at least 53 497 farmers participated in the Drought Relief Scheme, of which 2 176 were communal, 37 823 small scale and 13 498 commercial. By March 2005, an amount of R247,75 million for drought relief had been transferred to the eight provinces except Gauteng. The directorate assisted provincial departments of agriculture with the implementation of the drought relief schemes. The graphs set out the beneficiaries of drought relief and the distribution per province.
The table below shows how fodder was distributed to farmers who benefited from drought assistance during the year.

<table>
<thead>
<tr>
<th>Provinces</th>
<th>Commercial farmers</th>
<th>Small-scale farmers</th>
<th>Fodder tons</th>
<th>Total farmers</th>
<th>Total tons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>LSU</td>
<td>NO.</td>
<td>LSU</td>
<td></td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>578</td>
<td>79 116</td>
<td>5 199</td>
<td>71 204</td>
<td>8 286</td>
</tr>
<tr>
<td>North West</td>
<td>265</td>
<td>2 600</td>
<td>2 461</td>
<td>17 227</td>
<td>8 198</td>
</tr>
<tr>
<td>Western Cape</td>
<td>642</td>
<td>19 260</td>
<td>261</td>
<td>7 830</td>
<td>12 182</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>9 675</td>
<td>212 535</td>
<td>5 712</td>
<td>62 925</td>
<td>44 586</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>35</td>
<td>870</td>
<td>2 256</td>
<td>22 724</td>
<td>75</td>
</tr>
<tr>
<td>Free State</td>
<td>1 309</td>
<td>14 338</td>
<td>1 118</td>
<td>8 198</td>
<td>6 882</td>
</tr>
<tr>
<td>KwaZulu Natal</td>
<td>1 094</td>
<td>21 880</td>
<td>5 794</td>
<td>57 940</td>
<td>12 554</td>
</tr>
<tr>
<td>Limpopo</td>
<td>522</td>
<td>15 660</td>
<td>12 815</td>
<td>116 515</td>
<td>12 692</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14 120</strong></td>
<td><strong>366 259</strong></td>
<td><strong>35 616</strong></td>
<td><strong>364 563</strong></td>
<td><strong>105 455</strong></td>
</tr>
</tbody>
</table>

Note: Fodder price/ton ranged between R1 200 and R1 500 excluding transport.

For farmers affected by the 2000 floods, an amount of R30,4 million was paid out through the 2000 Flood Relief Scheme. The beneficiaries included 194 communal farmers, who received assistance totalling R2,09 million, 230 small-scale farmers, who received R1,75 million, and 547 commercial farmers, who received R26,60 million.

In coordinating and monitoring the drought relief expenditure, personnel from the directorate visited the affected provinces to assess grazing conditions and to monitor the implementation and administration of drought assistance.

**IFSNP**

Early warning systems in weather and climate information are already a priority for the directorate. During the year, the National Agrometeorological Committee met four times to analyse weather/climate information and to consider the conditions in the provinces. This committee brought together specialists from within the department, representatives from the provincial departments of agriculture and experts in the field of weather and climate. A monthly advisory for the agricultural sector was produced and disseminated to various stakeholders, and was also posted on the de-
In addition, the directorate facilitated four awareness workshops on agricultural risk and disaster management, attended by approximately 240 people representing organised agriculture and farmers, the provincial departments of agriculture and other directorates in the department.

An awareness programme on weather/climate interpretation was undertaken in the Free State for a total of 49 extension officers, economists, engineers and information officers.

The World Conference on Disaster Reduction, held in January 2005 in Japan, highlighted the need for proactive measures that will build community resilience and reduce vulnerability to future disaster risks. The conference, at which the directorate was represented, also underlined the importance of establishing a National Early Warning System in South Africa and urged decision-makers and policy makers to allocate more resources to predisaster activities such as risk assessments and early warning.

The directorate attended the tenth climate change conference of parties in Argentina, which focused on countries’ vulnerability to the direct and indirect impacts of climate change. These impacts include the costs of mitigation and adaptation, potential loss of markets, and possible threats to sustainable development and poverty alleviation efforts, including agriculture and food security.

AADP

The directorate participated in the eighth Southern Africa Regional Climate Outlook Forum, held in Zimbabwe. Scientists from regional and international communities, including users of climate forecasts, attended. The consensus climate forecast for the October 2004 to March 2005 rainfall season for Southern Africa was issued, stating that for the northern part of the SADC region, normal to above normal rainfall could be expected, while the rest of the region could expect normal to below normal rainfall.

The directorate also attended the regional agrometeorological workshop in Zimbabwe to discuss the application of climatic information for sustaining agricultural production and food security in the SADC region. The workshop provided training or skills enhancement of staff from the national early warning systems (NEWS) and World Food Programme-Vulnerability Assessment and Monitoring (WFP-VAM) in the use of tools and methodologies for agricultural season monitoring as well as integrating new and current remote sensing data and GIS tools in the season monitoring systems of the Regional Remote Sensing Unit (RRSU) and WFP-VAM.

The National Vulnerability Assessment Committee (NVAC)/Regional Vulnerability Assessment Committee (RVAC) meeting was convened in Johannesburg in early March 2005. The purpose of these committees is to conduct a series of rolling ties and population groups who need to be provided with relief support, assessments in all six SADC countries, to evaluate and quantify the size and location of the most vulnerable communities and population groups who need to be provided with relief support.

The VAC system has also moved beyond its original mandate to begin to analyse the underlying causes of prolonged and repeated hunger and vulnerability during emergencies, paving the way for more sustainable poverty-orientated relief and development programmes. The five-year programme of action was drawn up at the March 2005 meeting.