Western Cape Government

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Land Reform Evaluation Report 2019 - 2023

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Evaluation of the agricultural businesses and projects supported by the Western Cape Department of Agriculture's post-settlement support programme 2019-2023

Final 1-3-25-page report - submitted

Prepared by Phuhlisani NPC and its associates.

22 November 2023.

An evaluation of the agricultural businesses supported by the Western Cape Department of Agriculture's post settlement support programme during the period 2019-2022

1) Short executive summary

The evaluation aimed to do three things: an evaluation of the current status of the businesses: an assessment of the "success" of the businesses using 39 indicators; a review of the post settlement support (PSS) programme.

A total of 86 businesses were selected and a "project" and a beneficiary questionnaire were used to interview the members. Stakeholders at a provincial and district level were also interviewed.

Many respondents were highly committed and dedicated producers stating that "farming is in my blood". Respondents scored "progress with production" highly. More than 66% indicated that their management was good or very good. A significant 93% indicated that their businesses were either viable or breaking even, and more that 75% were reinvesting in the business. Mostly, all produce was sent to a market of some kind (including sales in the community) – only some fruit and vegetables are consumed directly. However, besides fruit, more than 50% of the produce is sold without market contracts. Most businesses are registered (84%) and of those, most report being compliant in terms of tax (89%), minimum wage (78%), and UIF (66%). These registered businesses generally keep financial records (89%) and monthly statements are produced (70%). Land is mostly leased or held with a long-term use right (54%) and more than 75% felt that their insecure land right impacted negatively on their farming. 43% indicated that Covid did not impact on their businesses.

The methodology to determine "success" in the businesses was developed in previous evaluations and is based on 39 indicators – to assess the triple bottom line issues of environmental, socio-economic and business performance. The aggregated indicator scores reveal that a very high 83% of the businesses were either "succeeding" or "highly successful" with none of the businesses "failing". Indicators which scored poorly included contracts securing market access, the percentage of youth involved in farming and the utilization of the land to its full potential.

The different dimensions of support from the WCDoA were evaluated. Generally, the respondents felt that the support was at least "good". The quality of extension advice scored highly (79%) together with training and financial support (69%) Some 57% of respondents identified positive impacts from mentoring support, while only 45% indicated that market access support was "good" or "very good".

Respondents made suggestions on improving support systems and generally these focused on increased regularity of support (training sessions, mentor and extension visits); the formalization and monitoring of mentors, market contracts and oversight; greater intervention from the WCDoA (in engaging markets, improving the flow of grant finance and refining procurement systems). Respondents identified insufficient PSS coordination amongst different actors, highlighting unproductive overlaps of policy and support roles. Finally, with reference to the WCDoA Theory of Change (TOC), the results of the evaluation pointed to success in many components, but key questions are asked about levels of transformation achieved through the programme.

Key recommendations for improving success are that the WCDoA develops a more refined definition of success and transformation; that the 39 indicators are reviewed and also adjusted to include further indicators of transformation; that land should be allocated to individuals and where groups apply such groups should be kept as small as possible. Allocations of land to producers should be at the level of their capability, and those groups currently facing difficulties should be assisted to split. The feasibility of the subdivision of farms should be carefully considered to enable this. Overall concerted, multiple strategies need to be undertaken to address the constraints in access to credit.

Key recommendations on the PSS programme include: that the WCDoA reconsiders its role in coordinating PSS and assumes a pivotal role at provincial and district levels; that a "PSS project manager" is allocated per business and support to that business is coordinated through that person; that smarter ways of using extension staff are developed; that the WCDoA strongly asserts the need for it to be involved in "pre-settlement" planning given the highly negative impacts which stem from its exclusion; for the WCDoA to engage all players to find a solution to the delayed allocation of CASP funds; that the procurement processes of CASIDRA and Hortgro be adjusted to more closely involve the producers (within PFMA regulations); to draw in AgriWC and its members to play a stronger role in PSS; to play a more proactive role in addressing market access; and to undertake a broader review of the WCDoA PSS programme – extending the focus beyond those producers that have received funding through CASP and Ilima Letsema.

(The full report and annexures is available from the Western Cape Department of Agriculture)

2) Executive summary

Phuhlisani was appointed to undertake an evaluation of the progress of businesses that had been supported through either CASP[1] or Ilima Letsema funding in the period from 2019-2022. There are three aspects to the evaluation: an evaluation of the current status of the businesses: an assessment of the "success" of the businesses using 39 indicators; a review of the post settlement support (PSS) programme.

In total 137 businesses were supported during this period and a sample of 86 was drawn from these for the evaluation. The selection was based on 6 criteria in order to get a range of sizes, number of members, locations, nature of land rights and commodity spread. The businesses were interviewed in two ways – the business manager/owner/leader was interviewed using a "project" questionnaire and at least one member of the business was interviewed using a beneficiary questionnaire. Stakeholders in government, the private sector and civil society were interviewed at a provincial and district level.

In the sample, 81% of farm businesses are owned by 1-5 people, with 91% owned by 10 people or less. Only 2% have more than 100 members. Seventy percent (70%) of the sample produce a single product (animal production, fruit, vegetables, field crops or honeybees), while the remaining 30% have diversified into a number of products.

The first section of the report provides an overview of the current status of the businesses and examines the following aspects: Why farmers are farming; the perceived performance of businesses and support received in this; levels of business formalisation and compliance and the support received to achieve this; the nature of land access and rights and the impact this has on the farming; the support to employ ecologically sound farming methods and the impacts of Covid.

Respondents provided a variety of reasons why they are involved in the business. Interestingly 37% did not explicitly prioritise the making of money, possibly suggesting that the assumption that farming is primarily to make profit could be looked at in a more nuanced manner.

Respondents scored "progress with production" highly with at least "acceptable" sufficiency of production equipment. Fifty percent (50%) felt that their production methods in relation to grazing rotation, replacement and rotational planting were "good" or "very good"; and overall producers across all commodities felt that yields were better in the current period than over the previous three-year period. Regarding their management capabilities (strategic, production, financial and marketing), at least 66% felt their capacity was "good" or "very good" in all facets. With regard to financial performance, a significant 93% indicated that their businesses were either "viable" or "breaking even", and more that 75% of these were reinvesting in the business and the bulk reported being able to service their debts.

All the producers are commercially orientated. In most cases, all produce is sold through a market of some kind (including selling produce in the community) with only some fruit and vegetables being consumed directly by the members. Besides fruit, however, more than 50% of the produce is sold without market contracts. Most businesses are registered (84%) and of those, most report being compliant in terms of tax (89%), minimum wage (78%), and UIF (66%).

[1] Comprehensive Agricultural Support Programme.

These registered businesses generally keep financial records (89%) and monthly statements are produced (70%). Land is mostly leased or held with a long-term use right (54%). However, more than 75% of the respondents stated that the insecure land right impacted negatively on their farming. Forty-three percent (43%) indicated that Covid did not impact on their businesses.

The methodology to determine "success" in the businesses was developed in previous evaluations and is based on 39 indicators – regarding the triple bottom line issues of environment, socio-economic and economic dimensions. The following table shows the dimensions, sub-indexes, and the indicators within them that are used to determine the "success". Each indicator is scored between 0 and 2 with a maximum total of 78 points.

SUB-INDEX	#	INDICATORS	SCORE	
Impact on natural resources	1	At least more than 1% of electricity from renewable/green energy	2	10
	2	Low to no water contamination from farming practices	2	
	3	At least good sewerage disposal efficiency	2	
	4	At least some waste recycling/re-use albeit low	2	
	5	Observation on at least acceptable condition of soil and erosion	2	
			Environmental dimension total	**10**
Benefi-ciaries and workforce	6	Share of inactive beneficiaries	2	6
	7	Value of beneficiaries' contribution per beneficiary	2	
	8	Internal conflict between beneficiaries	2	
Empowerment targets	9	Percentage female beneficiaries	2	4
	10	Percentage youth beneficiaries	2	
Labour law	11	Workers UIF registered	2	4
	12	Minimum wage	2	
Quality of life	13	Standard of physical living environment	2	4
	14	Access to food to feed household needs	2	
Household income	15	Level of satisfaction with availability of money	2	6
	16	Change in income regularity & consistency	2	
	17	Change in anticipated future financial situation	2	
			Socio-economic dimension	**24**
Business formalisation	18	Registered company and bank account	2	6
	19	Business plan in place and rating of four components	2	
	20	Tax registered	2	
Expertise and Management	21	Share of beneficiaries more than five yrs' agri. experience at start	2	8
	22	Success of overall PM, marketing & financial management	2	
	23	Sound financial management and record-keeping system	2	
	24	Income and expenditure projections	2	
Support & skills development	25	Sufficiency of FSD support	2	4
	26	Skills development plan in place and implementing	2	
Production	27	Sufficiency of equipment and machinery for production	2	8
	28	Production records	2	
	29	Rating of current production: combination of farming types	2	
	30	Farm utilised to full potential	2	
	31	Future anticipated production growth	2	
Market access	32	Percentage market access: combination of farming types	2	6
	33	Market access contracts: combination of farming types	2	
	34	Project evaluator observation on condition of internal roads	2	
Income, expenditure and debt	35	Capable of servicing debts	2	10
	36	Ability to reinvest finances into the farm/project	2	
	37	Is project viable or profitable	2	
	38	Sufficiency of financial support	2	
	39	Future anticipated profit growth	2	
			Economic viability dimension	**44**
			TOTAL PERFORMANCE RATING SCORE	**78**

The following table shows the overall results and includes the scoring from the previous evaluations for comparison:

Classification	2014 Evaluation		2018 Evaluation		Current evaluation	
	Number	Share of total	Number	Share of total	Number	Share of total

Highly successful	15	11%	15	16%	25	29%
Succeeding	69	51%	52	56%	46	53%
Successful	**84**	**62%**	**67**	**72%**	**71**	**83%**
Challenged	32	24%	22	24%	15	17%
Failing	19	14%	4	4%	0	0%
Unsuccessful	**51**	**38%**	**26**	**28%**	**15**	**17%**
Total	**135**	**100%**	**93**	**100%**	**86**	**100.0%**

The table above shows a drop in the number of businesses evaluated since the first evaluation in 2014. The number of businesses supported through CASP and Ilima Letsema also decrease over this period – in the first evaluation period 246 businesses had been supported and in the 2018 period 243 businesses were supported. This may have affected the results as fewer businesses possibly received larger amounts of support but this was not specifically analysed.

In 2023 a very high 83% of the businesses reported that they were either "succeeding" or "highly successful" with none of the businesses "failing". This is an increase on the previous evaluation scores. Indicators with particularly low scores included market access *contracts*, the percentage of youth involvement and the utilization of the land to its full potential.

The different dimensions of PSS from the WCDoA were evaluated. Generally, the respondents felt that the support was at least "good" – extension advice (79%), training and financial support (69%), mentoring (57%), Most producers (81%) have financial reporting systems. Only 45% indicated that market access support was "good" or "very good". Respondents made suggestions on improving the support and generally these focused on the regularity of support (training sessions, mentor and extension visits), the formalization and monitoring (mentor and market contracts and oversight) and greater intervention from the WCDoA (in engaging markets, in improving the flow of grant finance and refining procurement systems). The insufficient PSS coordination amongst different actors and the overlap of policy and roles was highlighted. Finally, with reference to the WCDoA Theory of Change (TOC), the results of the evaluation pointed to success in many components, but key questions are asked about transformation through the programme.

Key recommendations for improving success are:

1. That the WCDoA develops a more integrated definition of success and transformation including at least the extent of transformation, the extent of independence of the producers, the change in livelihood opportunities.
2. That the 39 indicators are reviewed and also adjusted to include further measures of transformation.
3. That allocations of land (leased or owned) should be to as small a group as possible and that those groups which face difficulties are assisted to subdivide or split.
4. That producers are encouraged to diversify where appropriate to reduce their risk.
5. That the WCDoA accepts that there are different interests in farming and gears their support to accommodate different motivations and overall goals of producers.
6. In relation to 5. above, to assist in the subdivision of farms where possible (either formally or within existing boundaries) to enable the individual or small group producers to manage at their level of capability and interest.

7. That the WCDoA engages in motivating different actors to develop multiple strategies to address the constraints in access to credit including the transfer of land in ownership (while acknowledging the risk of losing land if the businesses cannot service its debt), challenging banks to develop creative and appropriate products, encouraging different parts of the state to increase the options where the state can provide security for credit (while recognizing the need for measures to reduce default risk), to engage marketing and processing companies to develop ways to provide credit upfront and to recoup this with the delivery of the product in contractual arrangements.
8. That the WCDoA engages relevant actors in the state to develop a subsidy assisting the conversion to using green energy on farms.

Key recommendations on the PSS programme include:

1. That the WCDoA reconsiders its role in coordinating PSS and takes a pivotal role at provincial and district levels. This would also consider the possible role of CPACs to act as coordinating structures. As part of this, the WCDoA would need to closely analyse the current roles played by different actors providing the different components of PSS (inside and outside the state) to identify where roles overlap, to map the resources provided by each actor and the dependencies of each aspect on others.
2. That a "PSS project manager" is allocated per business and support to that business is coordinated through that person. This would require greater capacity amongst extension staff, or a different arrangement with mentors.
3. That smarter ways of using extension staff are developed – allocating the CASP application support to administrative staff (after initial planning). Using study groups more - for peer learning and for more efficient use of extension officers' time.
4. That the WCDoA engages the DALRRD and strongly asserts the need for it to be involved in "pre-settlement" planning as well as post settlement support.
5. That the WCDoA develops an intensive farmer development and smallholder support programme on subdivided land where individuals are given access to smaller portions and are supported in graduating or if they fail they are assisted to exit the system.
6. That the WCDoA engages all players to find a solution to the delayed allocation of CASP funds using a detailed study to demonstrate the negative impact that the current system has on producers and their businesses.
7. That the WCDoA, CASIDRA and Hortgro analyse the current procurement processes further to develop options which puts greater agency in the hands of the producers (within PFMA regulations).
8. That the WCDoA engages the AgriWC to encourage it and its members to play a stronger role in PSS.
9. That that WCDoA develops a more proactive role to improve market access – leading negotiations with retailers and processors to source more produce from black producers and supporting the pooling of produce for sale where possible.
10. That the WCDoA undertakes a broader study of the PSS programme – to include those producers that have not received funding through CASP and Ilima Letsema.
11. That the WCDoA and other linked actors change the terms used for black smallholder businesses from "project" to "business" to encourage the shift in mindset away from grant fund farming to independent businesses (at whatever scale they are producing – assuming that all farmers involved in the programme are involved in business, even if this is at a very small scale).

(The full report and annexures is available from the Western Cape Department of Agriculture)

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Contents

Glossary

AFASA:	African Farmers Association of South Africa
APSD:	Agricultural Producer Support and Development
CASP:	Comprehensive Agricultural Support Programme
CPAC:	Commodity Project Allocation Committee
DALRRD:	Department of Agriculture, Land Reform and Rural Development
DORA:	Division of Revenue Act
NGO	Non Governmental Association
PSS:	Post Settlement Support
WCDoA:	Western Cape Department of Agriculture.

1. Introduction and evaluation purpose

The Western Cape Department of Agriculture (WCDoA) plays an important role in supporting the businesses of smallholder and larger scale black farmers and other producers, particularly those that are producing on land that has been acquired through one of the components of land reform. Its aim as a department is to intervene to provide "post-settlement" support to land reform initiatives in the province[2].

The Department conducts an evaluation of its impact and an evaluation of the success of the businesses every four years – focusing on those that the Department has financially supported during the previous four years. The Department has developed a set of 39 indicators which it uses to assess the success of the businesses that it supports. Programme evaluations are required to use these indicators each time so that the results can be comparable.

Phuhlisani NPC was appointed to conduct the evaluation for the four-year period from 2019 to 2022 (the previous evaluation having ended in 2018) - a challenging period in agriculture given adverse weather events during this period, but particularly given the Covid pandemic and its impact.

The terms of reference identifies the key questions that are used to assess the success as follows:

1. Do the financial position and records of the land reform projects indicate a sustainable financial position?
2. What is the nature and extent of re-investment taking place into the business?
3. Do these projects comply with statutory requirements such as Labour and Tax legislation?
4. Have the projects developed secure markets for the produce and are they maintaining these markets?
5. Has the socio-economic position of beneficiaries improved since they became participants in the project?
6. Are the projects environmentally sustainable?

2. Theories of change

In 2019, the WCDoA developed its strategic plan for the 2020 – 2025 period and agreed on the following key high-level issues[3]:

1. **Strategic Direction**: A transformed and sustainable agricultural sector ensuring food security and economic prosperity for all.
2. **Impact statement**: Improved livelihood for all.
3. **Outcomes**:

[2] From the Terms of Reference.
[3] WCDoA, 2020, 26. "Causality of actions over the period 2020/21 – 2024/25".

a. Increased agricultural production in a sustainable manner.
b. Improved food security and safety.
c. Transformed and inclusive agricultural sector.
d. Innovative and resilient rural economies.

Whilst each of these outcomes and focus areas impact on each other, the outcome of a "transformed and inclusive agricultural sector" is the main focus of this evaluation – how successful has the Department been in achieving this? The Department developed a transformation theory of change, the focus of which is to "drive transformation in the sector through supporting and growing black smallholder producers" to address the "causes and consequences of black smallholders' low success rate and limited business growth[4]".

A "transformed" agricultural sector will then be when black producers have overcome the constraining factors and achieved the various outcomes identified in the Theory of Change. These Outcomes shape the core areas to determine success in the four-yearly evaluations.

Commodity approach

A key component of the Department's intervention to achieve these outcomes is the "Commodity Approach". Introduced in 2009, the Department uses this approach as a strategy towards the creation of an ecosystem of support for successful land reform. To this end, the department had signed 11 Memorandums of Understanding with industry partners to strengthen support through the provision of commodity specific extension support to land reform farmers[5]. The Department has established Commodity Project Allocation Committees (CPAC) for each commodity and the task of the Committees is to "strategically … make recommendations in terms of the project implementation and allocation of Comprehensive Agricultural Support Programme (CASP) project funds".[6].

3. Methodology and engagements

The task of this evaluation is three-fold:

1. To provide a review of the status of the agricultural businesses (mostly farms) that have been financially supported by the WCDoA during the four-year period from 2019 to 2022.
2. To develop a "balance sheet view" of an agreed sample of businesses using the 39 indicators which have been developed to assess their "success".

[4] TOR Ibid. 63. See the Theory of Change in the annexures
[5] WCDoA, (2020, 81): Strategic Plan 20/21 – 24/25. https://www.elsenburg.com/wp-content/uploads/2023/08/Strategic-Plan-2020-21-2024-25.pdf
[6] CASIDRA (2016,1): Terms of Reference of the Food Security Commodity Project Allocation Committee.

3. To evaluate the WCDoA's "post-settlement support" and make recommendations on improving the success of agricultural businesses, and on the PSS provided by the WCDoA.

Selection of businesses

After some adjustments a list of 137 businesses was supplied as the basis for the evaluation which had received some kind of financial assistance through the WCDoA's disbursement of the CASP or the Ilima Letsema funding.

It was agreed in the inception phase that 90 of the businesses would be selected from this list for evaluation. This selection was based on the following criteria:

a. Location.
b. Commodity spread.
c. Size of operations.
d. Whether the operation is a single person operation or a group.
e. The land reform sub-programme through which the land was acquired.
f. The type of land right (ownership, leasehold, Permission To Occupy [PTO], membership of a legal entity).

Eventually, for various reasons, Phuhlisani only evaluated a total of 86 businesses spread across the province – 63% of the total which had received support during the evaluation period.

Table 1 Businesses evaluated per district and Metro:

District	Number of businesses supported in the district	Number of businesses evaluated	Percentage
Cape Metro	8	7	88%
Cape Winelands	42	17	40%
Central Karoo	8	8	100%
Eden	28	18	64%
Overberg	29	18	62%
West Coast	22	18	82%
Total	**137**	**86**	**63%**

Instruments for the business level engagements

There were two questionnaire instruments developed: a "project questionnaire" used with the business owner, manager or leader. The questionnaire focused on all matters relating to the land, the business, the nature of support and the impressions of the support from the WCDoA and others.

A "beneficiary questionnaire" was used with beneficiaries of the business and focused on the impact of the business on the lives of individuals – shareholders, family members, and so forth. Where there was only the owner involved in the operation then only that individual was interviewed.

A total of 86 interviews with the manager or owner were undertaken and a total of 103 interviews were undertaken with "beneficiaries" – at least one per business.

Most of the questions and information required by the questionnaire related to the respondents' *perceptions* of the issues, rather than obtaining documentary evidence and analysing it.

Teams, training and interview process

There were five district teams established with a senior researcher and a research assistant. A research team manager provided support and ensured that researchers stayed on schedule. The process began with a one-day training course with the team. This provided for an in-depth discussion of the objectives and methodology of the evaluation.

Each team then consulted with the district manager of the WCDoA, obtained information on the businesses, and made direct arrangements with the producer to visit the farm for the interviews.

District level interviews

Each district team was also responsible for undertaking interviews with key district level actors to obtain their view on the post-settlement support programme, to identify the key successes and challenges in providing support and issues of coordination between different actors. The following were interviewed:

Table 2: District interviews

Organisation/Department	Position	Number
WCDoA	District manager	8
WCDoA	Extension officer	4
Casidra	Implementing agents	2
Commodity organisations – Hortgro, SA Wine (Vinpro), SA Tablegrape Industry, BKB	Representatives, transformation coordinators	6
Specialists - Prophyta	Consultant	1
NGO	District manager	1
Total		22

Provincial engagements

There were two levels of engagements at the provincial level:

1. Interviews with key actors that provide support to farmers to obtain their view of the current support provided and coordination issues. The following were interviewed:

Table 3: Provincial interviews

Organisation	Position
Elsenburg College	Head
CASIDRA	Operations manager
WCDoA	Head of Agricultural Producer Support and Development (APSD)
WCDoA	APSD director for the Overberg, Cape Winelands and Metropole
WCDoA	Head of the Production Economics and Marketing Services
DALRRD	Official responsible for Post Settlement Support
African Farmers Association of South Africa (AFASA)	Western Cape organiser
Citrus CPAC	Chair
White meat CPAC	Chair
Deciduous Fruit Development Chamber	Chair and also former member of the previous Western Cape branch of AFASA

2. A provincial small group session with key implementing actors within the Department (district managers in particular) as well as other actors such as the DALRRD representatives. This discussed the issues emerging from the study, critiqued these and offered recommendations on trying to solve some of the challenges.

Analysis

The analysis of the data involved three methods:

1. The use of the rating sheet utilized in the previous two evaluations (2014 and 2018). This rating sheet clustered various responses and scored these according to a set rating system based on the 39 criteria.
2. Analysis of the data to draw out broader issues impacting on the success of the businesses and the post settlement support provided by the WCDoA and others.
3. Drawing more in-depth assessments of the extent and quality of support received by farming businesses.

4. Overview of land reform businesses studied and the support received

Support to producers comes from a variety of sources – the WCDoA, DALRRD, commodity organisations, the municipalities, NGOs and other private individuals.

Why are farmers farming

The interview began by exploring the reasons why people chose to become involved in agriculture:

Table 4: Why people farm

Response	Number
Farming is in my blood - it is who I am, I get satisfaction from my job working in agriculture, I want to make money and I think I can make money in farming	26
Farming is in my blood - it is who I am	13
Farming is in my blood - it is who I am, I get satisfaction from my job working in agriculture	12
Farming is in my blood - it is who I am, I want to make money and I think I can make money in farming	8
I get satisfaction from my job working in agriculture	7
I get satisfaction from my job working in agriculture, I want to make money and I think I can make money in farming	4

There are a number of interesting issues raised by the responses in the table above:

1. Most producers have multiple reasons for farming, and these must be taken into account to meet the expectations of producers and to develop appropriate forms of support.
2. A large majority of the respondents put "farming is in my blood" as the key first consideration – 59 of the 86 – it is seen as a calling for many of the respondents.
3. 32 of the respondents (37%) did not mention the making of money. This suggests that the assumption that producers engage in agriculture primarily for profit making needs more nuance.

A significant 65% of the respondents felt that they are achieving their goals, despite the many challenges that the individuals raise in the rest of the questionnaire.

Range of businesses per number of members, commodity and asset value

The following table provides a count of how many members there are per business. It can be seen that a large majority of the businesses are owned by less than five persons – 70 of the total number.

Table 5: Number of members per business and proportion of businesses – 2018 and 2023

Number of members/ beneficiaries	Number of businesses	Proportion of total	Number of businesses in 2018	Proportion of total

1-5 members/beneficiaries	70	81%[7]	72	69%
6-10 members/beneficiaries	4	5%	9	9%
11-20 members/beneficiaries	4	5%	9	9%
21-50 beneficiaries/members	3	3%	10	10%
51-100 members/beneficiaries	3	3%	5	5%
101 – 500 members/beneficiaries	2	2%	0	0%
Total	86	100%	105	100%

The fact that so many businesses are owned by five people or less may be due to the WCDoA and its CPACs' preferences for funding smaller groups. It may also be due to the current land reform[8] approach to not allocate land to large groups.

Eighty-six percent (86%) of the businesses reported that there was no conflict. This is likely because a high number of the businesses were owned by very few members. In only one business, involving 6 members, was the level of conflict very bad, scoring 4 out of 5. The reasons for the conflict included differences of opinion on farming practices, the payment of dividends as well as external conflicts.

Table 6 provides an overview of products that the different businesses produce. Seventy percent only produce one product, while the remaining 30% have diversified into a number of products.

Table 6: Type of farming or commodities

Type of farming or commodities	**Number**
Animal production only	17
Fruit only	21
Vegetables only	7
Honeybees	7
Field crops only	5
Field crops and animal production only	9
Field crops and several other products	9
Fruit and a variety of others	5
Processing	3
Vegetables and animal production only	3
Total	**86**

[7] 55% of the respondents were in businesses that had 2 members or less (most of which would be one family.

[8] Since the introduction of the PLAS programmeme

Respondents reported a large range in asset size of the businesses evaluated. The most valuable business was estimated at R150m, while the least valuable business was R12 000 (honeybees). Most of the farming businesses (60%) have an asset value of less than R2m.

Perceived performance of farms and extent of use of the farms

The producers have generally made significant changes since acquiring the land. A high percentage, 46%, were dormant when the producers took over and they are now productive! One-fifth (or 20%) were productive when the land was acquired, and they remain so, but the products have changed or been added to. One third (33%) of the farms have continued with the same products, while only 2% of the farms that were dormant at occupation remain so.

Progress with production

Table 7 below provides a view of the progress on the production side of the operations:

1) A high percentage, 86%, of the respondents indicated that they had at least "acceptable" sufficiency of production equipment. They thus indicated that they are managing with what they have, but that there remain some unmet needs in this regard.
2) Regarding production methods such as grazing rotation, replacement planting and rotational planting, more than 50% felt that they were using "good" or "very good" methods.
3) With some exceptions, all producers felt that yields were better in the current period than over the previous three-year period.

Table 7: Rating of current production

Type	Components	Very bad	Bad	Acce pt-able	Good	Very Good	Total
Animal	Sufficient production equipment	5%	12%	50%	26%	7%	100%
	Grazing rotation/ veld management	0%	0%	20%	45%	35%	100%
	Current yields	0%	7%	35%	40%	18%	100%
	Previous 3 years yields	0%	15%	27%	37%	22%	100%
Fruit	Sufficient production equipment	0%	12%	44%	32%	12%	100%
	Replacement planting	0%	0%	7%	50%	43%	100%
	Current yields	0%	12%	23%	50%	15%	100%
	Previous 3 years yields	0%	15%	23%	46%	15%	100%
Vegetabl es	Sufficient production equipment	0%	7%	36%	57%	0%	100%
	Rotation	0%	0%	43%	29%	29%	100%

	Current yields	0%	6%	31%	38%	25%	100%
	Previous 3 years yields	0%	14%	57%	21%	7%	100%
Field crops	Sufficient production equipment	5%	5%	45%	25%	20%	100%
	Rotation	0%	7%	36%	21%	36%	100%
	Current yields	0%	5%	47%	37%	11%	100%
	Previous 3 years yields	0%	21%	32%	42%	5%	100%
Products/ processing	Sufficient production equipment	0%	13%	31%	31%	25%	100%
	Current yields	0%	6%	25%	50%	19%	100%
	Previous 3 years yields	0%	13%	47%	27%	13%	100%

When asked what the cause of these changes were, the following were most common responses:

1. In the previous period, they had to deal with drought and the aftermath and so the lands were now producing better – but some producers said their fruit trees were still recovering.
2. Improved management and practices – "Good production planning; Efficient operational planning".
3. Support and advice from WCDoA and commodity organisations and mentors resulted in "more experience now, technical knowledge and people management improved".
4. Funding for a variety of purposes – particularly capital goods and operational costs.
5. For those whose yields decreased, load shedding was a common cause highlighted.

Management performance

Table 8 shows the respondents' impressions of the management capacity in the businesses – with ratings of "good" and above of between 66% and 79%.

Table 8: Management capacity

Management capacity	Bad	Acceptable	Good	Very good
Strategic and overall	0%	30%	46%	23%
Production	1%	20%	51%	28%
Financial	10%	24%	40%	26%
Marketing	5%	26%	44%	25%

There appears to be a direct correlation between the capacity of management and the yields in the businesses. The better the management, the better the yields. Where management is rated "good" or "very good", then between 66% and 80% said that the yields were "good" or "very good", whereas where the management was "acceptable", then only 43% said that the yields were "good" or "very good".

Asked about the different ways in which various divisions of the WCDoA "contributed to improving capacities" the following were some of the responses: "They refer us to relevant people, help us with information and training"; "We discussed record keeping with APSD. We discussed opportunities for agro processing to get better markets, we received support for Karoo Lamb"; "Practical training improved management capacities and staff competence"; "Market access training enhanced market access capacity"; "Financial Management Training improved financial decisions and effective record keeping".

It is clear from these responses that the WCDoA provided significant support in different facets of farming and business management. Nevertheless, 20% said that they had not received support.

Financial performance

There are various ways in which the evaluation enquired about the financial performance including perceptions of viability, the payment of debt, reinvestment of funds, and the payment of dividends.

Table 9: Financial performance

Viable	Percentage	How many pay dividends	How many have debt	Of those that have debt what percentage indicated they can service the debt	What percentage reinvest
Yes	71%	15%	40%	97%[9]	80%
Breakeven	22%	11%	68%	89%	74%
No	7%	0%	67%	66%	50%

Table 9 shows that more of the less-viable businesses have debt and of those that are considered not viable, 66% cannot service their debt, while 50% do not reinvest in the business. Importantly, 89% of those businesses that consider themselves only breaking even can service their debt and 74% currently reinvest in the business, showing good business practice. Moreover, only 15% of those that consider themselves viable have paid dividends – building the business is the key focus.

Use of products and market access

Understanding of market access

The producers were asked about their market access - formal markets and informal markets, such as selling in the local community. Respondents chose "no market" where the produce was consumed.

[9] It is unclear from the responses why 3% said that they were viable yet they were not able to service their debt.

In this regard, respondents producing animal and field crops reported that all produce went to some kind of market (although some animals were probably consumed by the producers) and with fruit, vegetables and other products very limited amounts did not go to market.

Other important findings are that:

- A significant amount (almost 40%) of animal and vegetable produce was sold in the local community.
- Fifty percent (50%) or more of the animal, fruit, field crops and other/processed products went to local marketing or processing outlets, while only 36% of vegetables went this route.
- The Cape Town Fresh Produce Market plays an almost insignificant role as an outlet.
- The export market is not a major outlet except for field crops - 38% goes to that market[10].

Table 10 also provides information about the extent of formal market contracts in the different commodities. The following are noteworthy:

- With animal products, vegetables, field crops and processed/other products, more than 50% is not sold with formal market contracts.
- With animal products a high 80% is not sold through formal contracts, but through the abattoir or agents that collect the livestock, it is assumed that the animals will be sold.
- A high percentage of fruit products are sold through formal contracts – 61%.

Table 10: Market access and market contracts

	Market access components	Type of farming				
		Animal	Fruit	Veges	Field	Other products
Market access	Sold in local community	37%	5%	38%	4%	0%
	Farm gate/bakkie trade/other	6%	4%	1%	0%	31%
	Local marketing or processing company	56%	50%	36%	57%	63%
	Cape Town municipal market	0%	0%	8%	0%	0%
	Export	0%	14%	9%	38%	0%
	On-farm value-adding	0%	15%	2%	1%	0%
	None	0%	12%	6%	0%	6%
	Total	100%	100 %	100%	100%	100%

[10] This result may be distorted as many fruit producers market their fruit through pack houses which may then export the produce.

Market access contracts	Market access contracts - proof shown	10%	42%	13%	25%	12%
	Market access contract - proof not shown	10%	19%	33%	20%	24%
	No market access contracts	80%	38%	53%	55%	65%
	Total	100%	100 %	100%	100%	100%

When asked about whether they received support in accessing the market contracts for the different products, only 26% of the responses indicated that support was obtained. In total, only 10% of the responses indicated that the WCDoA provided support in the obtaining and negotiating of these contracts. Most producers therefore obtained these contracts themselves, or through the commodity organisations such as Hortgro.

Formality and compliance

A number of questions focused on the level of formalisation and statutory compliance in the business. These aspects include the registration of the business entity, the registration for tax, whether the minimum wage is paid, whether there are financial records kept and whether financial statements are produced. Table 11 below records the level of formalisation and compliance amongst the businesses.

Table 11: Registration and compliance

Type of compliance or formality	Yes – business is registered		No – not a registered business[11]	
	84%		16%	
Tax registration	89%	11%	29%	71%
Minimum wage	78%	22%	36%	64%
Registered for UIF	66%	34%	15%	85%
Financial records kept	89%	11%	43%	57%
Monthly financial statements produced	70%	30%	36%	64%

The results in the table above show that those businesses that are formally registered as legal entities tend also to be registered for tax, for UIF and pay at least the minimum wage. Moreover, many of the registered businesses keep financial records and produce monthly financial statements.

How land was accessed, land rights, perceived security of tenure and impact on production

There are different routes through which producers have been able to get access to land:

[11] This could be a "sole proprietor".

1. Through the initial SLAG[12] system where *households* received a grant and had to access this grant with others in order to obtain sufficient funds to purchase land.
2. Through the LRAD[13] system where *individuals* received a grant and similarly had to join with others in order to purchase land or shares in an existing business.
3. Through the PLAS[14] programme where the state purchases and retains ownership of land and leases it to the individual or group, with the option to buy.
4. Private land where the individual or group purchases the land with a commercial loan.
5. TRANCRAA[15] where the land that people already live on was transferred to a community entity, such as a CPA[16], and the individual obtained or retained rights to a portion of land.
6. Lease of municipal commonage or other municipal land.
7. FALA land[17], which is state land on which the individual obtains a "caretaker arrangement" for three years, which is generally renewed if the individual is actively using the land.
8. Church land where the individual or family has rights to the land, most often through an ongoing right allocated to the family (as with TRANCRAA land).
9. Private land where the individual or group leases, or otherwise accesses the land.

Each of these ways of accessing land provides varying degrees of tenure security. The level of security of tenure often impacts on the individual's willingness to invest in the land – both financially and in terms of their labour. The respondents were asked about their access to land, their security of tenure and how this affected their business development. Table 12 provides an overview of how the land was acquired and Table 13 looks at the security of tenure and its impact on the producer:

Table 12: Overview of how land was acquired

How was the land acquired	Percentage
Church land	3%
Existing state land	15%
Existing state land (in hands of community such as TRANCRAA land)	15%
Municipal commonage	2%
Purchased and held by DALRRD through PLAS	19%
Purchased and owned through a loan from a commercial bank	31%
Purchased with a LRAD grant	15%

[12] Settlement Land and Acquisition Grant
[13] Land Reform and Agricultural Development grant.
[14] Proactive Land Acquisition Strategy
[15] Transformation of Certain Rural Areas Act
[16] Communal Property Association
[17] Financial Assistance Land which was acquired from indebted farmers in the pre-1994 era.

In total, 51% of the land is held by the state, or by a TRANCRAA community. A significant portion, 46%, is held privately and 3% is held by the church. What is notable, is the significant proportion of land that was purchased without state assistance (31%), through a loan obtained from a commercial bank.

Table 13: Land right insecurity and impact

Current right to the land used for production	Percentage	Feel insecure	Does the insecurity impact on farming - Yes
Rent / Lease - from CPA, State, municipality, church, private owner	51%	44%	89%
Right to occupy - allocation letter or similar	12%	40%	75%
Title deed in your own or the business's name	38%	0%	N/A

The respondents were then asked how this insecurity affects their farming. The overwhelming response was the constraint of investing in the property. Some said that they felt reasonably secure on the land, but they didn't feel confident to invest in the land, because there isn't long term clarity about the land right. This is made very clear in the following responses: "I cannot plant or invest in long-term crops such as vineyards; cannot invest in permanent infrastructure – this limits the farming operations"; "I cannot expand and invest as if it's my own; I need to get permission from the Department"; "It brings in uncertainty in business and one can't be too vocal as you risk removal".

On other land that is not owned, such as on the TRANCRAA areas, the producers feel very secure, and can make long term decisions about the use of the land and investing in it.

Given the high rate of insecurity of users of leased land, the state should reconsider how it makes land available to producers with secure tenure rights to encourage business development and sustainable land use.

Security of tenure has been widely recognised globally, and highlighted in the Food and Agricultural Organisation of the United Nations (FAO) "Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests"[18]. It is put forward as a precondition, not only for investment in more permanent farming infrastructure, but also for investment in sustainable land management in ways that lead to permanent increases in soil health, fertility and productivity, and decreases in the soil erosion and salinisation. Increasing the security of the tenure of the farmers will clearly enhance their viability and should receive serious attention.

[18] https://www.fao.org/3/i2801e/i2801e.pd

Farming methods

When asked about the farming methods that they use, the average rating for good farming practices (replacement or rotational planting) from respondents amongst farmers using arable land was 83%. The vegetable farmers rated their practice very highly at 97%. Amongst livestock farmers (cattle, sheep and goats), the farmers rated their rotational grazing practices very highly at 90%.

The respondents were asked if they used two conservation focused farming methods:

- For those that would use water for arable purposes, 90% responded that they use methods which were aimed at conserving water.
- For those that were involved in livestock farming, 66% indicated that they used methods which were particularly aimed at conserving the rangeland and the biodiversity.

When asked why they started using conservation methods by far the majority said it was a result of their "own knowledge and decision" – 67% in relation to water conservation and 79% regarding livestock.

Covid impact

Covid was prevalent for much of the period of the focus of this evaluation – 2019-2022. The following provides the responses as to how it affected the businesses:

- Lost market / income significantly reduced: 20%
- Income significantly reduced: 23%
- Lost markets: 7%
- Lost markets, Employees sick or died, Income significantly reduced: 7%
- None: 43%.

Covid had an important impact on 57% of the businesses with them losing markets, income and employees. Surprisingly, 43% of the businesses reported not being affected by Covid. When asked about the support from the WCDoA, 53% of those that were affected by Covid, as in the listing above, indicated that they did not receive any support from the Department.

5. Success of the businesses/projects – the "balance sheet view"

This evaluation of the businesses supported by the WCDoA follows two previous evaluations of businesses – in 2014 and 2018. Part of the methodology attempted to look at the current situation on the farms at the time – termed the "balance sheet view" in this current evaluation. The same methodology is used in this evaluation, so as to be able to compare results of "success" of the businesses that the Department has supported. While the methodology determines the success of businesses in terms of 39 indicators, there is not a direct correlation between the success of a business and the support of the WCDoA. There are many factors that impact on "success".

Methodology

The methodology used in this evaluation is a performance rating system "designed to determine the extent to which …. projects (businesses) …… are successful and sustainable or …. a total failure"[19].

The system comprises "39 indicators that have been selected to best indicate the project's success, rather than a single determinant". These indicators are based on the "triple bottom line i.e. social, environment and financial[20]" and look at the range of factors in these three aspects to determine success. During the 2014 evaluation a system was develop which entailed scoring each indicator out of two (each indicator could get a score of 0, 1 or 2) and using equal weights per indicator. The highest score attainable was thus measured out of a maximum attainable score of 78".

The study in 2014 adopted an approach through which there were four classes of business success identified[21]. Using this approach and the 2014 results as the measure, the following categorisation was used to determine the different classes of success:

Table 14: Classes of success

Score[22]	Category	Description
73% - 100%	Highly successful	Currently thriving and sustainable
53% - 72%	Succeeding	Doing well, above average, potential for sustainability
33% - 52%	Challenged	Struggling, below average, potential for improvement
0% - 32%	Failing	Not successful, potentially not to be supported further

This rating system, the indicators and the classification from the previous evaluations are used in this evaluation, as it was agreed with the Department that the similar system should be used to enable the results to be comparable across the different years.

Findings

Overarching levels of success

The high-level findings of this "balance sheet view" evaluation are as follows:

Table 15: High-level findings of success

Classification	2014 Evaluation		2018 Evaluation		Current evaluation	
	Number	Share of total	Number	Share of total	Number	Share of total

[19] Drawn from the 2018 report.
[20] WCDoA, 2020, 81. Strategic Plan 2020/2021-2024/2025.
[21] This discussion and more detailed explanation of the methodology is examined in the annexures to the main report.
[22] The score of the business out of 78 (the total possible score) determined as a percentage as follows - business's score divided by 78 multiplied by 100.

Highly successful	15	11%	15	16%	25	29.1%
Succeeding	69	51%	52	56%	46	53.5%
Successful	**84**	**62%**	**67**	**72%**	**71**	**82.6%**
Challenged	32	24%	22	24%	15	17.4%
Failing	19	14%	4	4%	0	0%
Unsuccessful	**51**	**38%**	**26**	**28%**	**15**	**17%**
Total	**135**	**100%**	**93**	**100%**	**86**	**100.0%**

Table 16 overpage shows these indicators, the total rating attached to each and the manner in which they add up to the total possible amount of 78. The indicators are also categorised into three categories with the following proportions allocated to each category: Environmental dimension - 5 indicators (13%); Socio-economic dimension - 12 indicators (31%); Economic viability dimension - 22 indicators (56%).

Table 16: 39 indicators

SUB-INDEX	#	INDICATORS	SCORE	
Impact on natural resources	1	At least more than 1% of electricity from renewable/green energy	2	10
	2	Low to no water contamination from farming practices	2	
	3	At least good sewerage disposal efficiency	2	
	4	At least some waste recycling/re-use albeit low	2	
	5	Observation on at least acceptable condition of soil and erosion	2	
		Environmental dimension total		**10**
Benefi-ciaries and workforce	6	Share of inactive beneficiaries	2	6
	7	Value of beneficiaries' contribution per beneficiary	2	
	8	Internal conflict between beneficiaries	2	
Empowerment targets	9	Percentage female beneficiaries	2	4
	10	Percentage youth beneficiaries	2	
Labour law	11	Workers UIF registered	2	4
	12	Minimum wage	2	
Quality of life	13	Standard of physical living environment	2	4
	14	Access to food to feed household needs	2	
Household income	15	Level of satisfaction with availability of money	2	6
	16	Change in income regularity & consistency	2	
	17	Change in anticipated future financial situation	2	
		Socio-economic dimension		**24**
Business formalisation	18	Registered company and bank account	2	6
	19	Business plan in place and rating of four components	2	
	20	Tax registered	2	
Expertise and Management	21	Share of beneficiaries more than five yrs' agri. experience at start	2	8
	22	Success of overall PM, marketing & financial management	2	
	23	Sound financial management and record-keeping system	2	
	24	Income and expenditure projections	2	
Support & skills development	25	Sufficiency of FSD support	2	4
	26	Skills development plan in place and implementing	2	
Production	27	Sufficiency of equipment and machinery for production	2	8
	28	Production records	2	
	29	Rating of current production: combination of farming types	2	
	30	Farm utilised to full potential	2	
	31	Future anticipated production growth	2	
Market access	32	Percentage market access: combination of farming types	2	6
	33	Market access contracts: combination of farming types	2	
	34	Project evaluator observation on condition of internal roads	2	
Income, expenditure and debt	35	Capable of servicing debts	2	10
	36	Ability to reinvest finances into the farm/project	2	
	37	Is project viable or profitable	2	
	38	Sufficiency of financial support	2	
	39	Future anticipated profit growth	2	
		Economic viability dimension		**44**
		TOTAL PERFORMANCE RATING SCORE		**78**

It is apparent from Table 15 above that the proportion of projects defined as successful has once again increased. It now stands at 83%, as opposed to 72% in 2018 and 62% in 2014. Furthermore, there are no "failing" businesses and fewer "challenged" businesses. However, it should be noted that the sample size has decreased since 2014.

There are a number of reasons why this marked increase in ratings could have occurred:

1. During this period, the Department funded a greater proportion of businesses owned by 5 people of less (81% currently as compared to 69% previously) and it may be that such businesses tend to be more successful in the rating system than those with more partners.
2. It has not been possible to closely assess the nature of support for the WCDoA but was the quality of support better during this period?
3. Some of the questions asked during the current survey were slightly different and this may have had an impact on the responses, and then the rating of those responses.
4. Some of the documentation from the previous study was not available and so some assumptions that were made about the rating system methodology may have had an impact on the scoring.

Average per dimension and sub-index categories

It is instructive to note the average scores per class across the different dimensions per category. Table 17 below provides that scoring.

Table 17: Average scores per class

Average business scores per classification and dimension			
Business classification	Environmental	Socio-economic	Economic viability
Highly successful	73%	70%	82%
Succeeding	62%	52%	67%
Challenged	47%	47%	49%
Failing	0%	0%	0%

It can be seen that the average scoring of the environmental dimension is reasonably high, especially when compared to the 2018 figures where the averages for the environmental dimensions were 45% amongst the Highly Successful, 34% amongst the Succeeding and 20% amongst the Challenged.

Within these different dimensions, the averages for the specific indicators had a wide range. In the Environmental dimension the following was the average scoring for the top three indicators:

- Degree of water contamination (lower the contamination, higher the score): 87%
- Sewerage disposal efficiency (higher the efficiency the higher the score): 78%

- Condition of soil and erosion (the better condition the higher the score): 64%.

In the Socio-economic dimension, there are five *sub-index categories* with the following scores:

- Labour law: 52%
- Beneficiaries and workforce 73%
- Household income 54%
- Empowerment 49%
- Quality of life 64%

The following were the average socio-economic scores for the *top five* scoring indicators:

- Conflict between members (the lower the conflict the higher the score): 87%
- Share of inactive members/beneficiaries (the lower the members the higher the score): 82%
- Improved standard of physical environment (the better the standard the higher the score): 81%
- Change in anticipated future financial situation (higher future prospects, higher score): 69%
- Female members (the more female members the higher the score): 63%

The two highest indicators have a direct relationship to the fact that many businesses have very few members – conflict is low and the number of inactive members will be very small or non-existent.

The scoring in the Economic Viability dimension's various *sub-index categories* is as follows:

- Income, expenditure and debt: 80%
- Business formalisation: 69%
- Expertise and management: 71%
- Production: 66%
- Support and skills development: 52%
- Market access: 64%.

The *top five* scoring indicators in the Economic dimension were as follows:

- Percentage market access: 94%
- Future anticipated production growth: 91%
- Future anticipated profit growth: 90%
- Sufficiency of the APSD support received: 83%
- Sound financial management and recordkeeping: 81%.

Analysis of the scoring highlights that while the market access indicator scored only 64% in the sub-index cluster, a high score of 94% was obtain if general market access is looked at alone. Most produce is taken to some kind of market, but only 39% have market access contracts. In addition, the "support and skills development" sub-index scored a low 64%, but the sufficiency of APSD support received a high 83%. Only few of the businesses (20%) have a skills development plan in place – this is likely to be related to the fact that many of the businesses are small.

Lowest indicators – does this require intervention?

Across the 39 indicators, the following are the lowest five scoring indicators:

- Market access contracts: 39%
- Percentage youth members: 35%
- Skills development plan in place and implementing: 20%
- Percentage of farming electricity from green energy: 18%
- Farm utilised to its full potential: 15%.

These indicators raise a number of issues which the Department and other stakeholders could look more closely at to draw out the implications.

The lack of market access contracts is a concern, but there are important markets such as abattoirs, where the market is essentially guaranteed. The lack of youth involvement is a concern that has been raised in different forums, where the aging population of those active on farms is evident and where agriculture is decreasingly a career choice. The lack of a shift from the use of Eskom electricity to green energy means businesses remain vulnerable and that the cost of alternatives are high. The failure to use farms to their full potential indicates a lack of financial resources. The lack of collateral, or being perceived to be too risky, constrains producers and they try to seek finance elsewhere.

Ratings of those businesses that received funding support more than once

Sixteen businesses received multiple tranches of support during this period since 2018. Table 18 below shows that all of the businesses were either "succeeding" or "highly successful".

Table 18: Rating of success of businesses which received financial support more than once

Producer received funds more than once	How many times received funds	Current rating of success
1	2	59%
2	3	60%
3	2	60%
4	2	61%
5	2	62%
6	2	64%
7	2	66%
8	2	69%
9	3	71%
10	2	72%
11	2	74%

12	2	75%
13	2	78%
14	2	81%
15	2	82%
16	2	83%

6. Evaluation of the WCDoA PSS programme

Overarching support

Respondents were asked to rate the overall support from the WCDoA, and the following were the responses:

- Good: 69%
- Average: 29%
- Bad: 2%.

Training, mentorship, extension, market access and record keeping

The respondents were asked to rate the training, mentorship, extension advice, market access support and financial record keeping support.

Training

- Very good: 37%
- Good: 32%
- Acceptable: 18%
- Bad / very bad: 12%

Many business people reported being able to use the knowledge acquired from the courses to "farm better and produce solutions in my farming". These courses were "practical, empowering and capacitating" and enabled "better understanding and information; exposure to potential markets".

Several respondents said that they had not had any training during the four-year period. Other comments were that: "they happened over too many days"; (and then conversely) "the training courses were rushed by the WCDoA"; "the training needs more detail and based on farmer needs, not generic".

There were many suggestions for improving the training: "Make it more practical. Go to other farms to see how it is done"; "Commodity focused training and skills development (not generic)"; "More on new developments in agriculture, and international benchmarking"; "Prepare a programme for each municipal area. It's more cost effective."

Mentorship

Only just over half of the businesses (51%) received mentoring support. The following were the assessments of the mentorship provided:

- Very good: 25%

- Good: 32%
- Acceptable: 14%
- Bad /Very bad: 30%

The following were areas identified as particularly useful: "It is regular farm visits, guidance and advice on financial matters"; "on-site training, information and skills transfer"; "XXXX was appointed as mentor - was hands-on, worked as a team, was qualified and experienced in wheat/grain and sheep farming"; "Guidance and advice - vineyard establishment, pruning, weed and pest control and market".

There were also concerns raised about mentorship and the following are examples: "It's not formal, it's not regular, and only when asked for assistance - response time too slow when advice is needed urgently". "Another farmer was appointed by the WCDoA to mentor me. This farmer has less knowledge on agriculture than me and was of no help".

The respondents provided some suggestions for the improvement of mentoring: "Formal mentorship agreements are necessary, to bind the mentor on certain deliverables"; "Mentorship agreements with oversight and evaluation from WCDoA are needed"; "Sharing of global market knowledge and international marketing strategies"; "How to enhance brand development in global markets".

Extension advice

- Very good: 47%
- Good: 32%
- Acceptable: 18%
- Bad /Very bad: 4%.

The key ways in which business people found extension support helpful included: "They are accessible. Over weekends as well. Always make time to help. They also get help from outside if necessary"; "Help with CASP applications; give advice when asked"; "Support with understanding legal terms in contracting"; "Support with technical knowledge regarding agricultural practices and production".

Responses to the question of the shortcomings in extension support were the following: "The advice is not commodity specific, but very general"; "no real technical and infrastructure advice"; "visits too seldom (once a quarter or every 5 months - not acceptable)"; "Some advice not relevant, have always a lot of forms to complete when visiting the farm"; "Too few extension officers".

There were some suggestions made for improving the extension support: "The extension officer needs to have a mandate and more power to support us"; "The funding is for the farmer and the farmer should be given authority to implement the way they see fit, as sometimes farmers can get extras from long term suppliers benefiting the farmer"; "More advice on Market Access is needed".

Market access support

- Very good: 18%
- Good: 27%
- Acceptable: 18%
- Bad /Very bad: 36%.

It is important to note that 20% of the 36% recording a "bad / very bad" response indicated that they did not receive any support, rather than that the support was not of good quality[23].

From those that did receive support in this regard, the following shows the value of the support: "WCDoA makes it easier to link with markets"; "The department supports the development of Karoo Lamb"; "Referral to market and knowing the market and helping to conclude market agreements"; "The support received empowered me to understand market and industry trends".

In critiquing the market access support, the following give an indication of the constraints: "The service provider was terrible. She acted in a very judgmental way. There was no value"; "No WCDoA support was obtained - PepsiCo, OVK and Just Meat assisted"; "We need more ongoing information and training in marketing".

There were a number of suggestions regarding the improvement of the market access support: "They need to be able to arrange farmer days, it helps for marketing of what you sell and your business"; "Assist until market contract is concluded and then monitor it"; "It was a poor experience with the service provider - so they should be managed better".

Financial record keeping

The respondents were asked whether they have a sound financial and management record keeping system in place[24]. Eighty-one percent of the respondents indicated that they did have such a system in place. When asked who assisted them in setting it up the following responses were given:

- Support by WCDoA: 26%
- Support by a non-state agency: 20%
- Myself or the management (internally): 55%.

When asked about support regarding financial record keeping, the following were common: "WCDoA keeps record of the project on their system, and this helps when applying for funding"; "Casidra personnel are very helpful –[providing] advice. We can contact them when needed"; "It enabled me to understand the importance of financial record keeping".

[23] It is not clear whether they requested support and didn't receive or had not requested support.
[24] The respondents were not asked to show the evidence of these financial records.

When considering the shortfalls, the following comments were significant: "The information about Income and Expenditure is shared too infrequently"; "They need to give feedback to say what is wrong with what we are doing, if that is the case"; "Casidra and WCDoA too slow".

The respondents had suggestions for improvement: "WCDoA must at least give Income and Expenditure Statements monthly or quarterly"; "Training and capacity building (financial management skills) to have the financial system on farm and to run it themselves".

Financial support

The primary way in which the businesses that are part of this study were supported was through financial support. This support came through either a CASP or Ilima Letsema grant. The grants were used for capital goods and operational costs.

Respondents were asked whether this financial support was sufficient:

- Very good: 21%
- Good: 48%
- Acceptable: 26%
- Bad / very bad: 5%.

The respondents were asked to explain their answer on the sufficiency: "I would not have been able to start lucerne project without funding support from WCDoA. I could get all material and irrigation infrastructure and install it on the farm"; "The funds helped us greatly towards the following years production inputs and to make a better profit for the following year. The equipment we got lowered our maintenance bill"; "They helped us to keep the farm operational after the drought in 2018 and Covid-19".

There were also many critiques of the financing systems and support. A key issue that most respondents referred to was the huge delay in obtaining the funds once the application has been submitted in terms of CASP: "The approval was 2019 but the last items were delivered in 2023 - very slow procurement process by Casidra"; "Takes too long. Waited 2-3 years for help with infrastructure"; "Financial support is limited, application process is cumbersome and long, release and spending of funds takes too long"; "Delays have devastating impacts on farming and harvests"; "Not providing the full amount of funding which we applied for means we have shortfalls which prevents us from executing our farming activities as planned".

The arduous application process and the huge delay in receiving the funds has two implications – the prices of inputs and equipment will have gone up in the almost two years that it can take to release the funds; the needs of farmers are more immediate and delays in receiving funds may mean that alternatives must be found, or that the business will become financially unstable.

It was explained in one of the interviews that "CASP is planned and implemented in terms of DORA[25], so a particular cycle is required - a provincial Business Plan is developed for approval at the national level which is then subject to gazetting and treasury approval - it is lengthy and cumbersome".

Once the funds have been allocated, the procurement process, particularly of Casidra, is reported to be problematic. The system, designed to be compliant with the PFMA, seeks to prevent misuse of funds, insider trading and other fraudulent activity, but it has unintended consequences. Generally, the system requires three quotes in an open tender system, which creates very little space to negotiate prices. The business people interviewed explained that they develop relationships with particular suppliers, and they are often able to negotiate much better prices than the quoted amounts that are obtained through the three-quote system, meaning that the funds allocated to the particular business could go much further.

There was an appeal to find alternative ways in which procurement could happen which gives more agency in the business people/farmers and reduces these delays.

The third issue was the need for multi-year support, particularly in high value products. It was proposed that the whole development of the farming operation should be planned in the beginning, and the funding applications should be planned in relation to this business plan. This would reduce delays as the decision would be implemented over several years.

Coordination

Drawing from the literature review and Phuhlisani's own experience, PSS must be looked at in a comprehensive and integrated way to ensure that the variety of needs are addressed.

Different actors provide different aspects of the support – financing, agricultural advice, finance and business strategy advice, institutional development, land tenure advice and support, conflict management and so forth. There remain significant challenges limiting the effectiveness of coordination between actors within the state and between state and the private sector.

The WCDoA manages both the nationally funded CASP and Ilima Letsema funds and provincial allocations in the Western Cape. DALRRD has various funds including the Land Development Support grants, Rural Infrastructure Development grants, Economic Development, Trade and Marketing grants and others. There is a clear overlap between these grants which is aggravated by the overlap of objectives at a policy level and with the institutions implementing the policies.

[25] Division of Revenue Act

This lack of coordination appears to be the case not only between the WCDoA and the DALRRD departments, with other relevant departments such as Department of Water and Sanitation and also between the branches within DALRRD.

For producers, it means that they are supported by various state entities in an uncoordinated way, having to deal with various officials providing different resources and who have to each report in their own way in terms of their KPAs[26].

Some district and provincial actors felt there was good communication and coordination because they "all sit on the CPACs". CPACs clearly perform a very important role of drawing the actors together to decide on funding, but it does not seem that these structures assist in coordinating the provision of PSS.

Transformation and success

"Transformation" and "success" feature a lot in the approach of the WCDoA and a specific Theory of Change has been developed around transformation. A transformed agricultural sector in terms of this ToC is where black smallholder producers have managed to break into the current agricultural forms of production and the value chain more broadly.

The Literature Review refers to an article by Cousins and Schoones[27] where they assert that "viability" or success is often defined "rather narrowly on farm productivity and economic returns. An implicit normative model in much usage … is the large-scale commercial farm, even when policies suggest that ….. smallholder farming, should be accommodated."[28]. In their article they suggest that a "more textured and variegated approach to assessing viability (success/transformation), rooted in diverse conceptual frameworks, can provide a more effective … approach to the assessment of redistributive land reform"[29].

Key questions that the WCDoA would need to address regarding the impact of PSS on transformation are the following:

1. Is the programme changing the agricultural sector in terms of the black and white, the large-scale and small-scale, the male and female, the old and young and other ways in which particular people or businesses dominate others?
2. Is black business independence being encouraged, or is there a continued reliance on grants, dependence on mentors, dependence on strategic partners in larger schemes?
3. Does the involvement of black people in agriculture impact on their livelihood strategies?

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[26] Key Performance Areas
[27] Contested paradigms of 'viability' in redistributive land reform.
[28] Cousins, B and Scoones, I (2010, 32): Contested paradigms of 'viability' in redistributive land reform: perspectives from southern Africa. The Journal of Peasant Studies, Vol. 37, No. 1, January 2010.
[29] Ibid. 59.

The Department does not have control over some aspects influencing these issues, such as land purchase, but a creative and more interventionist approach from the Department could have a greater impact on aspects of transformation included in the recommendations below.

7. Recommendations on improving success

Some recommendations emerging from this study are specifically aimed at improving success and other specifically focus on the PSS programme – although there is of course a direct overlap between them. The following relate to the broader components of improving success.

1. **How do we determine "success" and transformation**: Phuhlisani and its associates recommend that the WCDoA develops a more integrated definition of success and transformation including the following:
   a. the extent of transformation that has happened in terms of black/white, male/female, old/young, throughout the agricultural value chain.
   b. the extent to which the producer is operating without financial support from the state.
   c. the extent to which participants in a share-equity scheme or similar are involved in the business and receiving benefits.
   d. the extent to which the business is reliant on a regular mentor.
   e. the level of change of livelihood opportunities of the members of the business.
2. **Measuring transformation**: It is recommended that the 39 "success" indicators are updated and reviewed to also assist in drawing out assessments of progress in transformation – once the WCDoA has interrogated transformation as suggested in 1) above.
3. **Size of group**: It is apparent from the findings that there is less conflict in business entities with fewer participants[30]. When establishing new businesses this should therefore be the approach. It is also recommended that where existing groups might be facing difficulties, they should consider splitting the group and for this process to be facilitated. We should not be scared to break groups up where this might be necessary or requested, so as to enable groups not to be shackled by group dynamics, conflict or free riders. It is recommended that the WCDoA facilitate these processes of dividing groups where it seems appropriate or is requested.
4. **Diversification**: Many of the businesses are single product focused. While this may be easier from a management perspective, it increases the risk where failure of that one product due to market, climate or pest issues, can mean that the business can fail. The likelihood of success is greater if the business is diversified.

[30] While this is the tendency, it is not always the case as there was evidence of conflict even where there were only two participants.

5. **Accepting different interests in farming**: It is important to interrogate why people want to farm and then gear the farming (and support) to that, even though a person's interest in farming may change as people begin farming and start to develop a profitable business, for example. This will mean that fewer people are pushed beyond their capabilities or interest and reduce the possible waste of resources put into businesses where the individuals/groups cannot manage the scale.
6. **Dividing farms up where possible**: It may be that in certain circumstances it would be best to subdivide farms - to enable the individual or small group farmer to manage at their level of capability and interest – rather than giving a whole farm to a person or group that is too large for them to manage. This of course needs to be done carefully, regarding the natural resources available and the balance needed in terms of economies of scale. At the same time, individuals' (or group's) businesses can grow and the person or group may want to expand. It is therefore an option to plan such developments with farmers in terms of progression – to start with several people on subdivided sections of the farm and then those that progress to the next level could be prioritised to get assess to larger portions of land through buying others out or obtaining a larger farm through the land reform programme. This allows those that want to stay small to stay small and those that want to grow, to grow at a pace that they are able to – determined by themselves. Similarly, this approach will also allow those that fail to be assisted out of the system. Thus, success is built from the bottom up, determined by the producers themselves.
7. **Accessing credit**: A significant refrain in the responses was that the business people are reliant on state grants because they are not able to access credit from financial institutions. The inability to access credit is reportedly because commercial banks want property as collateral and for many the land is not owned – it is leased or there is another right. At the same time, the Land Bank is going through a revival but appears to take much time to approve funds. There are a number of possibilities to address this constraint on accessing credit:
    a. The one solution is to facilitate the transfer of land that is in the hands of the state to the individuals' or groups' entities. This land can then be used as collateral. This does place the individual or group in a possible precarious position resulting in the loss of the land if they are unable to service the loans. However, there could be a clause in the title deed which would give the State first refusal to reacquire the land if the venture failed.
    b. The next possibility is for the state, and it is proposed the WCDoA (with organised business), to play a catalytic role in challenging the banks to develop creative credit options for such farmers. One of the options is to encourage banks to focus on the capability of the "jockey" rather than the security of the land. The role of the Elsenburg and other training colleges building the knowledge and skills with accredited training at scale needs to be considered further in building the capacity of the "jockeys".

c. Another possible way to enhance access to finance is for the state to *further* develop creative ways for providing security for such credit. The new "Blended Finance" option that is in the process of being implemented is one such option but there are other existing initiatives: The Small Enterprise Finance Agency (SEFA) Land Reform Empowerment Facility credit guarantee scheme[31]; The Micro Agricultural Financial Institutions of South Africa (MAFISA) programme through which DALRRD channels funds to intermediaries who then provide production and other loans to producers.
d. The final possible way of improving access to finance is for the WCDoA to engage marketing or processing companies in contract farming arrangements to increasingly provide funds upfront and then recoup these funds from the sale of the produce that is delivered to that company.

8. **Green energy subsidy**: It is recommended that the WCDoA motivates strongly to relevant parts of the state to encourage the development of a subsidy for the conversion to green energy.

8. Recommendations for improving the PSS programme

The following recommendations apply to the PSS programme undertaken by the WCDoA and other actors.

1. The need for **coordination** in PSS has been very clearly highlighted. It is recommended that the WCDoA reconsiders its role and moves to a position where it plays a pivotal role in land and agricultural development post settlement support[32]. This needs close analysis of the role of different PSS actors currently providing the different components of PSS, within the state and outside of it. This would particularly look at the possible role of CPACs in coordination. In this role as coordinator, the WCDoA would aim to coordinate funding, institutional development support and technical support at a provincial level. At a district level, this could see the establishment of a "one-stop shop" through which all interventions are coordinated by the district manager.
2. Linked to the recommendation of coordinated intervention, it is recommended that each business has a single "**PSS project manager**" who then coordinates support to that business from the different government departments and from the private sector including financial institutions. There would need to be agreements between the different actors on this coordination and regular joint planning on each of the businesses. This approach would force the different actors out of their silos, would reduce the interactions between the producer and support agencies, and enable better planning of the business by the

[31] See a further explanation of this scheme in the Annexures to the main report.
[32] This was central to the proposed Land and Agrarian Reform Programme developed by the National Department of Agriculture in 2009 – this is discussed in the Literature Review.

producer and the PSS project manager. Each project manager would be responsible for a number of businesses.

3. The Department has 50% of the extension staff it needs. There are some recommendations on how the impact of extension staff could be increased:
    a. It is recommended that the Department evaluates enabling Department administrative staff to assist in the CASP application process (once the technical planning has been done), or to hand this task over to Casidra and their staff.
    b. It is recommended that study groups be considered as a central mechanism to draw producers together for peer learning and for extension staff to undertake interventions with a number of producers at the same time. Extension staff would need training in facilitation and peer learning skills and competencies.
4. Post settlement does not begin after the land is acquired – **"pre-settlement"** planning should also involve the WCDoA. It is recommended that detailed engagement takes place with the DALRRD, including discussing scenarios of the impact on the farming with the WCDoA not being involved from the beginning, and agreement sought to ensure that the WCDoA plays a role from the outset, including the process of considering land for acquisition.
5. Where farms are subdivided, it is recommended that a detailed **intensive farmer development and smallholder support programme** is designed and implemented on such subdivided land and for other producers.
6. A key issue that emerged in the research was about the **CASP funding cycles.** It is recommended that a detailed study is done on the real impact that this system has on producers, the success of their businesses and on the development of producers as independent actors. This study should then be used in discussions with the DALRRD and Treasury to find an alternative to current detrimental approach.
7. A second PFMA linked issue is the system for **procurement of goods or services**. Both Casidra and Hortgro (that manage the funds from CASP) have used a "limited bid" or "sole supplier" system of procuring goods and services. It is recommended that the WCDoA, Casidra and Hortgro develop further options which put greater agency in the producers, and which are more responsive to business needs, within PFMA regulations.
8. The **Agri Western Cape** is currently not very involved in PSS and they do not see it as their role. There is significant expertise and networks in the organisation and its members. While historical social relations need to be taken into account, it is recommended that the WCDoA has detailed discussions with the AgriWC and encourages them to engage their members to get involved with supporting the success of black smallholder producers in the province through a Memorandum of Agreement.

9. **Market access support** from the WCDoA is currently primarily focused on supporting *individuals* to access markets. It is recommended that the WCDoA becomes more proactive in two ways:
    a. To lead negotiations with retailers and processors to encourage them to increase the volume of goods that is sourced from black smallholder producers. This would need to include representatives of black smallholder producers.
    b. It is recommended that the WCDoA analyse and consider whether it can play a role in **supporting**, **facilitating or directly organising smallholder / black producers** to pool products which are for sale, or for them to jointly purchase inputs in order to get better prices, better terms and better quality. The form of institutional arrangements to enable this pooling or joint purchasing would need to be part of an analysis in preparation for such consideration.
10. This review of the WCDoA is focused on those businesses or producers that have received funding through the CASP or Ilima Letsema. These businesses or producers are just a subset of all the producers that the Department supports in each year. It is recommended that the Department undertakes a **much broader evaluation** of all the Department's support programmes.
11. In the previous evaluations, and in much of the current parlance, the producers' businesses are referred to as "**projects**". It is recommended that Department changes the way in which it refers to such businesses. In such parlance, "projects" are continuously funded by grants rather than "businesses" which aim to become independent over time. This term would refer to all producers that provide at least some of their produce to a market.

9. Conclusion

This study evaluates the current status of businesses supported by funding from the CASP or Ilima Letsema funds and the WCDoA support programme with those producers. The analysis of the responses of the producers, in terms of a system developed in previous evaluations, showed that the "success rate" of these businesses was very high, higher than the studies in 2014 and 2018.

The study also looked in close detail at the support provided to these producers by the WCDoA. The producers' responses were generally complimentary and provided constructive recommendations on how to improve the different specific programmes.

The study provides recommendations in two focus areas – to improve "success" and to improve the PSS programme. The recommendations encourage the WCDoA to take a more proactive role in addressing the various challenges facing the producers and their success - in relation to accessing finance, improving coordination and mechanisms to build the producers from the bottom up.

The overarching impression gained from the evaluation is that the WCDoA is serious about its task of providing PSS, provides a good range of support services at different scales, and is continuously seeking ways to improve its services through analysing its work through evaluations such as this and then using such evaluations to further improve the service it provides.

(A more in-depth report is available from the WCDoA).

Department of Agriculture
Private Bag X1 | Elsenburg | 7607 | South Africa
Muldersvlei Road | Elsenburg | 7607 | South Africa
Tel: +27 21 808 5111
www.elsenburg.com | www.westerncape.gov.za
Email: DOA.info@westerncape.gov.za

Western Cape Government