



Evaluation of the Western Cape Department of Agriculture's Commodity Approach

Document Reference: Evaluation of the WCDOA's Commodity Approach, Final summary evaluation report

Date: 31 March 2016

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LIST OF ACRONYMS

APAP	Agricultural Policy Action Plan
APP	The Annual Performance Plan
CASP	Comprehensive Agricultural Support Programme
CPACs	Commodity Project Allocation Committees
CRDP	Comprehensive Rural Development Programme
DAC	Development Assistance Community
DPAC	Departmental Project Allocation Committee
DRDLR	Department of Rural Development and Land Reform
DSG	Departmental Strategic Goals
FRK	Financial Record-Keeping
IDPs	Integrated Development Plans
INES	Integrated National Export Strategy
KII	Key Informant Interview
LRAD	Land Redistribution for Agricultural Development
MAFISA	Micro Finance Institute of South Africa
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NGP	New Growth Path
PFMA	Public Finance Management Act
PLAS	Proactive Land Acquisition Strategy
PSDF	Provincial Spatial Development Framework
PSG	Provincial Strategic Goal
PSP	Provincial Strategic Plan
RECAP	Recapitalisation and Development Programme
SLA	Service Level Agreement
TOR	Terms of Reference
UTA	Unit for Technical Assistance
WCDOA	Western Cape Department of Agriculture

POLICY SUMMARY

The Western Cape Department of Agriculture (WCDOA) commissioned Genesis Analytics to conduct an evaluation of the Commodity Approach. The findings and analysis of the evaluation have illustrated that the Commodity Approach plays an important role in transforming agriculture and supporting new entrants into farming. The following recommendations have been provided to enhance the Commodity Approach going forward:

Main recommendation: The package of project support should be designed to facilitate farmers' graduation to increased commercial orientation and commercial success:

- Project support should be longer than a year, programmed over a period reflective of the natural business cycle of the farming operation.
- Renewal of annual support should be contingent on the achievement of agreed deliverables (e.g. production targets).
- External financiers are key stakeholders of the Commodity Approach; therefore, business plans should identify when projects will be in a position to access funding sources other than grant funding; and there should be a co-contribution requirement for larger, more commercially oriented projects.
- Technical agronomic input should be provided when developing business plans.
- Business plans should show how the support requested will contribute to the improved commercial viability of the project for the full period of support requested.
- Extension officers should be involved in developing business plans given their knowledge of the project and to ensure they are familiar with the project once it commences.
- Projects should be required to submit progress reports post-support. Since the WCDOA has contracted quality assurers to assess the quality of support provided, the quality assures' role should include collection, validation and review of these reports.

Additional recommendations:

- Projects should be assessed on a competitive basis, by comparing the merits, strengths and risks of each project relative to others in the portfolio.
- There is a need to standardise and improve the mentor recruitment, management and remunerations arrangements.
- A marketing strategy should be designed to expand the reach of the programme and to ensure that all projects are aware of this source of funding.
- CPACs should consider how project scale can be enhanced to promote project sustainability. This includes leveraging financing, encouraging group arrangements for the purchase of inputs and aggregation of produce, sharing of farm implements, machinery and facilities, and collaboration other governmental departments and non-government or not-for-profit entities.

EXECUTIVE SUMMARY

INTRODUCTION

The Commodity Approach was implemented in 2009 with the aim to unlock the principles and support structures embedded in successful agricultural enterprises to the benefit of new entrants in agriculture. The Western Cape Department of Agriculture (WCDOA) commissioned Genesis Analytics to conduct an evaluation of the Commodity Approach to determine the extent to which it makes a difference in the development of smallholder farmers, to identify unintended and indirect outcomes of the programme, to analyse the key interventions and finally, to develop recommendations for the improvement of programme design and implementation.

CONTEXT

South Africa's agriculture and rural development policies typically aim to achieve greater equality in the distribution of agricultural land, ensure food security, and create sustainable job opportunities. Within this ambit, the Commodity Approach is highly relevant as it is aligned to the national and provincial focus of agriculture as a priority sector; to the growing focus on agricultural produce with high commercial value and high labour intensity; and, to the increasing recognition that sustainability of policy interventions is dependent on market access. Additionally, by providing inputs, mentorship and linkages to the markets, the Commodity Approach aims to overcome the typical constraints to the commercial viability of smallholder farming units.

METHODOLOGY

The Development Assistance Community (DAC) evaluation criteria were used as the framework for the evaluation. A combination of research methods was used:

- A literature review was undertaken;
- Key informant interviews were conducted with CPAC secretariats; an agricultural expert; commodity industry representatives; and, WCDOA officials;
- A survey was rolled out to all 2013/14 projects;
- Interviews were conducted with a sample of 2013/14 projects; and,
- The WCDOA's register was analysed for all projects funded from 2009/10 to 2014/15.

RESPONSES TO EVALUATION QUESTIONS

To what extent has the Commodity Approach contributed to improved productivity?

Through the use of better, more sustainable farming practices, higher quality inputs, and increased mechanisation, the Commodity Approach contributes towards improved productivity for project farms. However, the timeframes required to see notable changes are greater than those associated with the Commodity Approach.

To what extent has the Commodity Approach contributed to market access?

The extent to which the Commodity Approach has directly contributed to market access has been limited as many of these market access arrangements were in place

prior to the Commodity Approach. Despite this, there is evidence of indirect impact on project farms' market access through improvements in the quality of the produce.

What is the contribution of the mentorship programme to the farming operations?

The contribution of the mentorship programme to project farms' operations varies considerably, depending on the mentor him/herself, the project and the 'need' for this mentorship. The mentorship programme can play an important role in developing emerging farmers' confidence and developing a greater feeling of empowerment. However, many smallholder farmers indicated that technical advice from mentors was less useful than business and administrative training.

Has the approach contributed to the 'graduation' of smallholder farmers to commercial agriculture?

By contributing to farmers' productivity, linking farmers to markets and by farmers leveraging the Commodity Approach support to obtain further funding, the Commodity Approach has potential to contribute towards the 'graduation' of smallholder farmers. However, the extent to which it does so is limited given that the size of the enterprise, which is directly linked to the physical size of the farm, is a main driver of sustainability.

What difference did the assistance through the Commodity Approach make to the viability and economic sustainability of the farming enterprises?

Do the financial records of the projects indicate a sustainable financial position?

The Commodity Approach helps to reduce the expenses faced by a farming operation. However, most of the operations are not yet at a point of being financially sustainable.

What is the nature and extent of re-investment taking place into the business?

There is limited, if any, re-investment taking place on the project farms. Where re-investment is taking place, this is mainly on the larger farms.

Do these projects comply with statutory requirements?

All the projects keep financial records, as per the Commodity Approach's requirement. These are most notably used for compliance purposes and for funding applications.

Has the project developed a secure market and are they maintaining these markets?

The projects typically had markets and off-take agreements in place prior to the support from the Commodity Approach.

RECOMMENDATIONS

The findings and analysis of the evaluation have illustrated that the Commodity Approach plays a role in transforming agriculture and supporting new entrants into farming. Based on the findings of the evaluation, the following recommendations have been provided to enhance the Commodity Approach going forward:

Main recommendation: The package of project support should be designed to facilitate farmers' graduation to increased commercial orientation and commercial success:

- Project support should be programmed for a period longer than one year, over a period reflective of the natural business cycle of the farming operation.
- Renewal of annual support should be contingent on the achievement of agreed deliverables (e.g. production targets).
- External financiers are key stakeholders of the Commodity Approach; therefore, business plans should identify when projects will be in a position to access funding sources other than grant funding; and there should be a co-contribution requirement for larger, more commercially oriented projects.
- Technical agronomic input should be provided when developing business plans.
- Business plans should show how the support requested will contribute to the improved commercial viability of the project for the full period of support requested.
- Extension officers should be involved in developing business plans given their knowledge of the project and to ensure they are familiar with the project once it commences.
- Projects should be required to submit progress reports post-support.

Additional recommendations:

- Projects should be assessed on a competitive basis, by comparing the merits, strengths and risks of each project relative to others in the portfolio.
- There is a need to standardise and improve the mentor recruitment, management and remunerations arrangements.
- A marketing strategy should be designed to expand the reach of the programme.
- CPACs should consider how project scale can be enhanced to promote project sustainability. This includes leveraging financing, encouraging group arrangements for the purchase of inputs and aggregation of produce, sharing of farm implements, machinery and facilities, and collaboration other departments and entities.

Recommendations for future evaluations:

- Projects should be contractually obliged to keep records of selected indicators.
- Project monitoring should be reviewed by each CPAC on a quarterly basis.
- All project monitoring data should be stored in an electronic format.
- Another independent performance/implementation evaluation should be conducted in three years' time.
- An economic evaluation should be conducted to estimate and compare the costs and benefits of the Commodity Approach.
- Case studies of the best, worst and typical projects should be developed to extract lessons relating to project design, selection and implementation.

SUMMARY REPORT

1. INTRODUCTION

The agricultural sector is a key contributor to economic growth, sustainable job creation and poverty alleviation in many countries. Agriculture in the Western Cape contributed R14.7 billion to the economy in 2011 (WCDOA, 2014) and employed a total of 135 624 people (Stats SA, 2014) in 2013. Given the sector's critical role in economic development in the Western Cape and the unique mix of agricultural resources in the province, a unique and targeted approach is necessary to support emerging farmers in the Western Cape. A tailored strategy was implemented in 2009 by the Western Cape Department of Agriculture (WCDOA) in the form of the Commodity Approach. This approach aims to unlock the principles and support structures embedded in successful agricultural enterprises to the benefit of new entrants in agriculture. The Commodity Approach focuses on the specific commodities that have shown to be attractive, competitive and sizeable enough to make a meaningful contribution to a sustainable income through production, business development and exports. These include:

- | | | |
|--|---|---|
| <ul style="list-style-type: none">• Wine grapes• Table grapes• Livestock | <ul style="list-style-type: none">• Fruit• Grains• Sheep and wool | <ul style="list-style-type: none">• Vegetables• Seed• Aquaculture |
|--|---|---|

1.1. PURPOSE OF THE EVALUATION

The WCDOA issued Terms of Reference (TOR) for a service provider to conduct an evaluation of the WCDOA's Commodity Approach. The evaluation aims to determine the extent to which the Commodity Approach makes a difference in the development of smallholder farmers, to identify unintended and indirect outcomes of the programme, to analyse the key interventions and finally, to develop recommendations for the improvement of programme design and implementation.

Specifically, the evaluation aims to answer the following evaluation questions as identified in the TOR:

1. To what extent has the Commodity Approach contributed to improved productivity of the smallholder farmers?
2. To what extent has the Commodity Approach contributed to market access by the smallholder farmers?
3. What is the contribution of the mentorship programme to the farming operations?
4. Has the approach contributed to the 'graduation' of smallholder farmers to commercial agriculture?
5. What difference did the assistance through the Commodity Approach make to the viability and economic sustainability of the farming enterprises?
 - a. Do the financial position and records of the commodity projects indicate a sustainable financial position?
 - b. What is the nature and extent of re-investment taking place into the business?
 - c. Do these projects comply with statutory requirements?

- d. Has the project developed a secure market and are they maintaining these markets?
- 6. What changes in the Department's interventions should be introduced in order to enhance the Commodity Approach?

The TOR for the evaluation was focused on an impact evaluation, however, after an extended inception phase, a joint decision was taken by the evaluation team and the Steering Committee to adjust the evaluation approach from an impact evaluation to an implementation evaluation¹.

2.

CONTEXT

South Africa's agriculture and rural development policies typically aim to achieve greater equality in the distribution of agricultural land, ensure food security and create sustainable job opportunities. Within this ambit, the Commodity Approach is highly relevant as it is aligned to the national and provincial focus of agriculture as a priority sector for job creation and poverty alleviation; to the growing focus on agricultural produce with high commercial value and high labour intensity; and, to the increasing recognition that sustainability of policy interventions is dependent on market access.

Smallholder farmer programmes are generally designed to overcome the constraints to the commercial viability of these farming units, including: limited access to marketing channels, limited extension support and business skills development support, and limited access to capital. By providing inputs, mentorship and linkages to the markets, the Commodity Approach aims to overcome each of these challenges. The design of the Commodity Approach also focuses on overcoming silos that exist between government departments and between government and the private sector, which is a commonly identified constraint to the success of smallholder farmer programmes

3.

METHODOLOGY

3.1.

ANALYSIS FRAMEWORK

A systematic analysis framework was developed for the evaluation. This was developed in relation to the six evaluation questions and the five Development Assistance Community (DAC)² evaluation criteria. Unpacking the DAC criteria into key themes, detailed in Table 1 below, enabled a comprehensive perspective of the programme.

Table 1: DAC criteria and evaluation themes

DAC criteria	Theme
Relevance	<ul style="list-style-type: none"> • Commodity Approach in the South African agricultural and rural development landscape • Relevance of the Commodity Approach for smallholder farmers in the Western Cape • Effect of commodity approach on commodity and industry more broadly
Effectiveness	<ul style="list-style-type: none"> • Marketing and reach of the Commodity Approach • Productivity and quality of produce from project farms • Market access for project farms

¹ This change is documented in detail in the inception report which was signed off by the Steering Committee at the

²More information is available at
<http://www.oecd.org/dac/evaluationofdevelopmentprogrammes/daccriteriaforevaluatingdevelopmentassistance.htm>.

DAC criteria	Theme
	<ul style="list-style-type: none"> Mentorship
Efficiency	<ul style="list-style-type: none"> Management of CPACs Application and disbursement process
Sustainability	<ul style="list-style-type: none"> Viability and economic sustainability of the farming enterprises
Impact	<ul style="list-style-type: none"> Impact of Commodity approach on beneficiary and surrounding areas

The full analysis framework also describes how the information relating to each question was gathered. Using this as the foundation, data collection tools and instruments were developed.

3.2. RESEARCH METHODS

This evaluation used a mixed methods approach, combining both qualitative and quantitative research. Each of the methods used are detailed in this section.

3.2.1. Literature review

The aim of the literature review was to understand the context within which the Commodity Approach operates, the rationale for the programme, documented implementation experience and comparative experience of similar programmes.

3.2.2. Key informant interviews

Key informants for the evaluation were identified primarily through referrals from the Steering Committee. Four groups of key informants were identified for the purpose of this evaluation: CPAC secretariats; an agricultural expert; commodity industry representatives; and, WCDOA officials. A total of 20 individuals were interviewed during the key informant interview (KII) process.

3.2.3. Project farm survey

Three separate surveys for commercial farms, smallholder farmers and share schemes projects were developed to test the projects' experiences of the Commodity Approach, the administration processes and the effectiveness of Commodity Approach with respect to farm performance

3.2.4. Survey pilot and enumerator training

Both the English and Afrikaans versions of the survey tools were piloted with a group of farmers selected from the 2014/15 project portfolio. The survey pilot findings suggested that the content of the survey was appropriate to the sample. Based on the findings from the pilot, it was decided that telephonic interviews would be attempted with all respondents unless they requested a face-to-face interview, in which case this was organised. All enumerators were subsequently trained for this evaluation.

3.2.5. Survey implementation

In total, 91 respondents were contacted to participate in the survey, as illustrated in Table 2 below. In practice, two of these respondents were invalid as they were retired members of cooperatives that benefit from the programme. This constitutes a census of all projects in the 2013/14 project portfolio.

Table 2: Survey sample

Project type	No. main respondents
Commercial project farm	14
Share scheme project farms	12
Smallholder project farms	65
Total	91

A total of 82 surveys were implemented, which constituted a drop-out rate of roughly 10%. Respondents' reasons for not participating in the survey are documented in Section 3.3: *Limitations of the methodology*. Table 3 below describes the coverage of these surveys across CPAC and farm-type.

Table 3: Number project farm surveys conducted by CPAC and farm type

	Smallholders	Share scheme	Commercial	Totals
Animals	29	0	4	33
Aquaculture	3	1	0	4
Fruit	6	0	5	11
Table Grapes	1	2	0	3
Wine Grapes	2	5	0	7
Grain	0	0	2	2
Mohair	0	1	0	1
Sheep & wool	4	0	0	4
Vegetables	15	2	0	17
Totals	60	11	11	82
Percentage of total	73%	13%	13%	100%

3.2.6. Project farm interviews

Interviews with a stratified random selection of project farms were conducted to contextualise the findings from the farm surveys. Project farms were stratified according to CPAC and randomly selected on a proportional basis.

3.2.7. Quantitative analysis of WCDOA data

The evaluation team received the project register from the WCDOA for projects funded from 2009/10-2014/15.

3.3. LIMITATIONS OF THE METHODOLOGY

As with any research, this evaluation relied on a number of assumptions and was subject to inherent constraints. Despite the limitations listed below, the quality of the evaluation has not been substantially affected.

An overarching limitation to the evaluation was the lack of a definition of 'smallholder farmer'. In South African agriculture, smallholder farmers are commonly understood to a category of farmers distinguished from other farmers by their size, use of labour and productivity; however, there is no universal definition in South Africa that distinguishes smallholder farmers from other farmers. In undertaking this evaluation, the Department of Agriculture, Forestry and Fisheries' definition has been used, namely that smallholder farmers are "those farmers owning small-based plots of land on which they grow

subsistence crops and one or two cash crops relying almost exclusively on family labour" (Department of Agriculture, Forestry and Fisheries, 2012).

KII limitations:

- A number of identified stakeholders were unable to meet with the evaluation team given their availability constraints.
- Many of the WCDOA district officials felt that they did not have enough insight into the various projects, or had not been in the department for long enough, to comment on some of the questions.

Project farm interview limitations:

- The project farm interviews focused on the 2013/14 funding year. This presented two challenges: firstly, many respondents could not remember the specifics from what is now two years ago (also known as recall bias); secondly, many respondents have been funded more than once and thus battled to separate their experiences with 2013/14 funding year from other funding years.
- The interviews took place in September, which is a busy time of year for most farmers; thus affecting their availability.

Project farm survey limitations:

- As with project farm interviews, problems with recollection and linking questions to the specific period were a challenge for some survey respondents. This was also sometimes confounded by multiple funding periods.
- The survey did not reach all respondents, whereby seven beneficiaries did not take part.
- Some smallholders are not confident in reporting on expenses and revenue. To overcome this, the evaluation team asked for rough estimates which were provided.
- The Commodity Approach is a programme with substantial variation at project level. Project variation includes farm produce varieties, location and project type (smallholder, commercial or share scheme). The number of respondents per CPAC and per project type is low. This means that evaluation findings are affected by small sample bias, thus variation in responses might be difficult to detect.

Quantitative data limitations:

- The project register received from the WCDOA had a considerable number of data points missing. As such, the analysis of the project register was restricted to project budget, CPAC, geographic distribution, job creation and beneficiary numbers. Given the extent of the missing data, the interpretation of project register findings should remain limited.
- No project level data was available for 2010/11, as such only aggregated annual values could be incorporated for this year.
- The data in the project register provided for the survey (2013/14 projects) differed from the master project register provided for the 2009/10-2014/15 analysis.

Lastly, it should be noted that the evaluation TOR did not consider the social dynamic of agriculture in the Western Cape, including the labour dimension, housing and availability of health and education services. The evaluation considers these issues in Section 4.12: *Impact of Commodity approach on beneficiary and surrounding area*; however, the information reported regarding these issues is limited.

4. EVALUATION FINDINGS

4.1. COMMODITY APPROACH IN THE SOUTH AFRICAN AGRICULTURAL AND RURAL DEVELOPMENT LANDSCAPE

All KII stakeholders are of the opinion that the Commodity Approach is unique in aligning itself to the commodity groups, its inclusion of the private sector, and its responsiveness. In terms of its situation in the South African rural development landscape, key informants are of the opinion that the Commodity Approach does not duplicate existing programmes and fills an important role in supporting the transformation of the sector. However, greater impact could be achieved if there was improved coordination between the various departments responsible for smallholder farmer development and rural development.

KIIs noted that the Commodity Approach has contributed to the transformation of agriculture in the Western Cape; however, there is much still to be done to obtain the transformational agenda that it is pursuing. All key informants felt that the Commodity Approach still has a role to play in the agricultural landscape and should continue until the transformation objective has been met.

Both WCDOA officials and commodity industry representatives raised concerns around the conflicting nature of pursuing transformation in the sector while ensuring food security. One respondent noted that:

"The harsh reality is that we need to increase the productivity of existing agriculture land to address the issue of food security. Food security is a key challenge in the country and increasingly in the province. Transformation is a worthy ambition but food security is an imperative. This is an African challenge and cannot be taken lightly. We have to lay the foundation now to accommodate future generations."

A number of respondents noted that focusing on smallholder farmers would not result in increased food security, nor would focusing on smallholder farmers enable dramatically enhanced transformation of the industry. These respondents noted that alternative models should rather be considered that take into account both transformation of the industry and food security.

4.2. RELEVANCE OF THE COMMODITY APPROACH FOR SMALLHOLDER FARMERS IN THE WESTERN CAPE

According to an expert in the industry, one of the challenges facing smallholder farmers is that the size of their land limits their productivity potential. One way of overcoming this, as noted by the above individual, is by facilitating a collective approach to smallholder farmer development, whereby farmers are linked to extension officers, financial support and markets. The Commodity Approach contributes towards this by

facilitating market access for smallholder farmers, however, according to interviewees; the Commodity Approach can better link farmers into value chains and agribusinesses.

A WCDOA official likened the Commodity Approach to the traditional father-son farm acquisition model. In the traditional father-son model, the father passes a farm over to the son over time, during this time, the son is capacitated in farm management, is linked to markets, given access to financial support and is taught the technical aspects of farming the relevant commodity. This is a well-respected approach to developing new farmers. The Commodity Approach mimics this by linking emerging farmers to mentors for capacity building, providing technical advice, facilitating introductions to markets and providing inputs.

Project farm interviews indicated that the Commodity Approach is relevant for smallholder farmers' needs. Farmers can apply for what they need most, which includes requests for implements; new cultivars; machinery; seed and fertilizer; stock including livestock and fingerlings; and, irrigation facilities. Each of these needs is identified by the project farm, sometimes in consultation with an existing mentor, and subsequently requested from the Commodity Approach.

Many of the farmers that were interviewed had received land through the land reform programme and needed assistance to capitalise the land and make it productive. As the smallholder farmers cannot afford this often ambitious investment themselves, the Commodity Approach was noted as being instrumental in capitalising farms which otherwise would not have been capitalised and thus would have remained unproductive.

4.3. EFFECT OF COMMODITY APPROACH ON COMMODITY AND INDUSTRY MORE BROADLY

Across all commodities, the consensus is that the Commodity Approach does not have a substantive impact on the output of the commodity as a whole. There were a number of reasons given for this:

- The projects are too small to have a substantive impact on the commodity as a whole;
- Changes to farming practices are associated with medium to long term results and thus changes to the commodity group will only be seen in the longer term;
- The Commodity Approach does not facilitate a large amount of new activity, but rather focuses on minor expansions or on installing new managers into existing businesses;
- In some CPACs the number of projects that are implemented is too small to make a difference to the industry.

Despite the limited impact on the output of the industry, respondents noted that other benefits to the commodity groups have been realised, such as:

- An increased number of previously disadvantaged farmers who contribute to the commodities' supply chains;

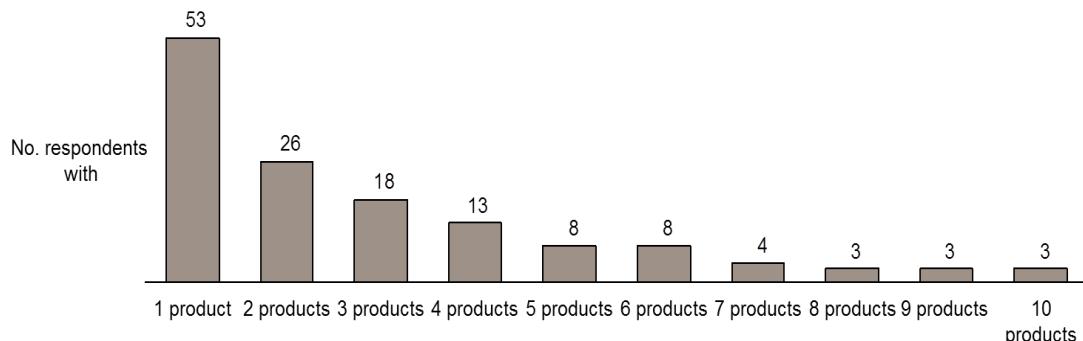
- Many black-owned farming enterprises are more financially stable as a result of the Commodity Approach;
- The Commodity Approach has enabled emerging farmers to access the newest cultivars, which has resulted in better quality output and in the long run should result in increased value of produce; and,
- The Commodity Approach contributes to capacity development of industry associations because knowledge about managing projects, funding and the respective processes is disseminated through the CPAC.

4.4. BENEFICIARY PROFILE

The survey findings indicated that 86.59% of the respondents are male while only 13.41% are female. The majority of respondents are between 40 and 60 years of age, with the average age of the respondents being 53 years old. In terms of respondents' highest level of education, the largest proportion of survey respondents have a Grade 10 qualification. Lastly, 32.93% of respondents have spent between 11 and 20 years farming while 30.49% of respondents have spent more than 20 years in farming. Only 17.07% of the respondents have been farming for less than 5 years.

Respondents were asked how many products they farm. The result is depicted in Figure 1 below. As this illustrates, the majority (53) of respondents are single product producers.

Figure 1: Number of products produced by the respondent



4.5. APPLICATION AND DISBURSEMENT PROCESS

4.5.1. Application process

Extension officers from the WCDOA are responsible for approaching emerging farmers, notifying them of the Commodity Approach and helping them to put together their application. One of the commodity industry representatives noted that this can have implications on the reach of the Commodity Approach as only those emerging farmers that are known by the WCDOA extension officers are targeted and are aware of the potential for funding.

Consensus with the commercial and share scheme projects is that the application process is relatively easy to complete. Smallholder farmers however noted that it can be difficult to get all the documentation required for the application; referring particularly to tax clearance certificates and cash flow documentation. While the process is easy, all types of projects (commercial, share scheme and smallholder) and

projects across all the commodity groups noted that the approval process and subsequent disbursement process can be unexpectedly lengthy which has negative implications on the project's implementation, elaborated on in Section 4.5.2 *Procurement and disbursement process*.

The smallholder projects referred to the need for more assistance from the extension officers or the mentors in putting forward the application. The extension officers reportedly provide guidance on how to apply but do not give input on what farmers should be applying for. Many of the projects felt that there needs to be more on-site interaction at the application stage to ensure that project applications adequately address what is needed to ensure that the project is more sustainable.

Applications are approved on a first-come-first-serve basis. The CPAC secretariats noted that annual project applications typically exceed available funding. As such projects that submit their applications early in the year are more likely to get funded than those that submit their applications later in the year as budgets are limited. WCDOA officials noted that this is likely to be improved upon with the pre-approved project list, however, the effectiveness of this approach will only be visible in its implementation.

4.5.2. Procurement and disbursement process

A cross-cutting finding across all KII stakeholder groups was that there are often delays in project funding. This is reportedly as a result of:

- Lengthy tender processes and the identification of suitable suppliers;
- Disconnect between the government's financial year, the timing of project allocation decisions, and the CPACs receiving funding; and,
- Delays in funding from the national to the provincial Department of Agriculture; resulting in delayed disbursements to Casidra.

KIIs and project farm interviews noted that the implication of this is that projects either have to use their own funding or project implementation is delayed. Given the nature of farming and its dependency on seasonal deadlines, delays in project implementation can have considerable adverse effects on the project whereby it may miss the seasonal deadlines and not be able to implement the proposed plan. While almost all of the 2013/2014 project farms had experienced delays in implementing their projects, many of the repeat applicants noted that this was improving and that their more recent applications were more efficient than the 2013/2014 one.

4.5.3. Budget allocations

Table 4 below presents the budget allocations by CPAC from 2009/10 to 2014/15. As this illustrates a total of approximately R230 million has been allocated across the CPACs since 2009/10. The fruit CPAC has had the largest budget over the period, while the sheep and wool CPAC has had the least budget allocated.

Table 4: Budget across CPACs from 2009/10-2014/15 (000's)³

CPAC	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Fruit		R12 295	R 631	R14 558	R16 316	R7 835	R 51 636
Uncategorised	R41 451		R2 097		R 700		R 44 248
Table Grapes		R4 564		R9 872	R11 557		R 25 994
Grain		R5 031	R2 282	R6 082	R5 413	R1 840	R 20 648
Food Security		R7 800			R11 648		R 19 448
Wine			R1 618	R6 590	R10 987		R 19 195
Dairy		R10 900	R 813	R3 229			R 14 942
Livestock		R12 076	R1 261		R 636		R 13 973
Vegetables		R9 000	R4 516				R 13 516
Aquaculture					R3 850		R 3 850
Sheep and Wool			R 850	R 423	R 274	R 666	R 2 212
Alternative - Rooibos						R 218	R 218
Total	R41 451	R61 666	R14 069	R40 754	R61 380	R10 559	R 229 880

Over the duration of the period under review (2009/10-2014/15), the fruit CPAC has allocated funding to the highest number of projects (58), followed by the grain CPAC (32), livestock CPAC (31), wine CPAC (19) and table grapes CPAC (18). From 2009/10-2014/15, there has been a general downward of funding fewer projects per year.

Project budgets are reportedly an accurate reflection of project costs. However, one area where projects often err in terms of their budgeting is not taking inflation into consideration. Given that there are often delays in project disbursement, WCDOA officials noted that projects often have to request additional funds to make up for inflationary pressures.

4.6. MANAGEMENT OF CPACS

The responses from the KIs about the management of the CPACs were typically positive. However, points made for improving the management of the CPACs, include: timely disbursement of documentation; timely communication between DPAC and WCDOA; variations in the interpretation of the Commodity Approach's vision, strategic relevance and approach at a district level; and, improved project oversight.

4.7. MARKETING AND REACH OF THE COMMODITY APPROACH

As the district managers and extension officers are responsible for marketing the Commodity Approach, the CPACs feel that they have no control over the applications that they receive. The consensus is that:

"The projects coming to the table are good, however, they will only get to the table if they are known by the extension officers"

CPAC respondents feel that the marketing of the Commodity Approach can be improved. A proposed solution is that marketing of the Commodity Approach be

³ The 'uncategorised' row refers to entries in the data that were not allocated to a CPAC

undertaken on a CPAC basis rather than an aggregate exercise for the whole approach.

Under the first-come-first serve funding model, there is the impression that those who know the system and thus get their applications in early are favoured, to the detriment of other potentially successful projects. Good projects which submit applications late in the financial year are unlikely to be funded, thus reducing the extent to which the Commodity Approach reaches the best projects.

Many projects re-apply for funding, as such the follow up reports become important documents for future funding applications. However it was noted that follow up reports are an infrequent practice.

4.8. QUALITY AND PRODUCTIVITY OF PRODUCE FROM PROJECT FARMS

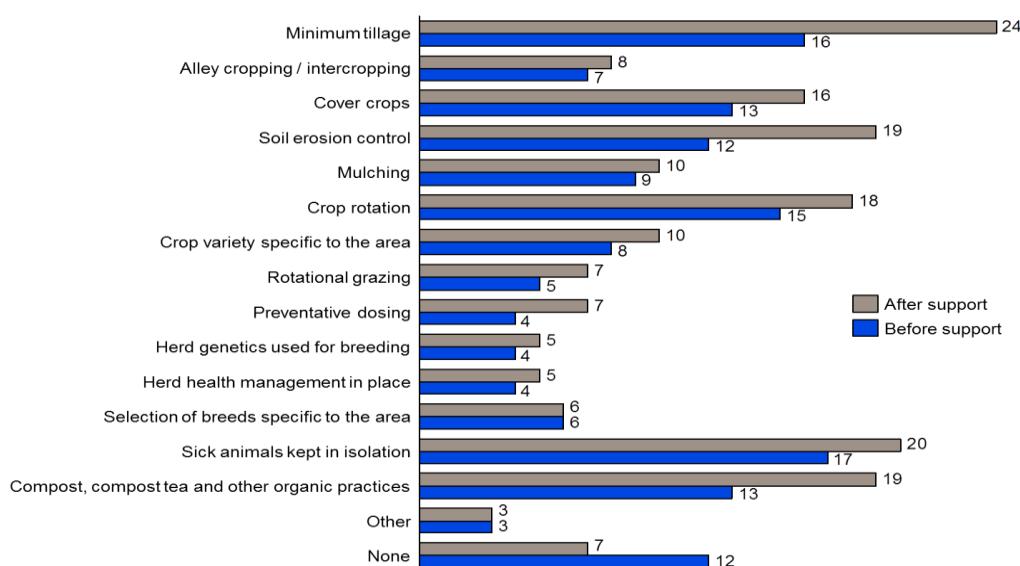
4.8.1. Quality of produce from project farms

The consensus with commodity industry representatives is that the Commodity Approach leads to improved quality of farmers' produce; however, it takes considerable time to realise the changes. The Commodity Approach was said to enable farmers to obtain and use better quality equipment, utilise improved farming techniques through the mentorship component and use the best inputs which all contribute towards improved quality in the longer term.

The project farms also had a positive outlook, saying that quality is likely to increase as a result of improved access to inputs such as water, seed and fertilizer. These interviews did indicate however that longer timeframes were needed to see noticeable changes in quality.

In the survey, smallholder farmers were asked about the changes in their farming practices as a result of the mentoring from the Commodity Approach (Figure 2). As this shows, a large proportion of farmers altered their farming techniques towards best practice after receiving support from the Commodity Approach which, over time is expected to lead to better quality produce.

Figure 2: Change in farming practices



4.8.2. Productivity of project farms

Commodity industry representatives were of the opinion that the Commodity Approach timeframes are too short to see noticeable changes in the quantity of the produce. Key informants were however optimistic that with improved farming practices, productivity will increase leading to an increase in output over time.

The project farm survey noted similar timeframe limitations to changes in productivity, whereby 54.88% of respondents stated that they had seen no change in their land use intensity (used as a proxy for productivity). Proportionately, the share scheme projects saw greater increases in land use productivity than the other project types.

The survey also confirmed the influence of better quality inputs on productivity, where 60.60% of respondents who had seen a change in their land use intensity stated that better quality inputs was a driver of this change. Similarly, 51.51% respondents noted that increased use of mechanisation was a driver of the change in their land use intensity.

4.9. MARKET ACCESS FOR PROJECT FARMS

The majority of respondents are selling their produce at local markets (42%) and to domestic buyers (38%). When asked if their market has changed since receiving support from the Commodity Approach, 54% of respondents stated that there had been no change with regards to where they sell their produce, while 24% and 19% noted that they had started selling to the local market and domestic buyers respectively.

It should be noted that Commodity Approach applicants must show evidence of market access in order for their application to be successful. This is often in the form of off-take agreements. Since market access is a criterion for project selection, it is unsurprising that the majority of respondents saw no change in where they sell their produce.

In the table grape industry, industry representatives indicated that the Commodity Approach indirectly enhances market access. In this industry, the quality of the producers' output determines their access to markets. As the Commodity Approach assists farmers to produce the right cultivar, use the correct implements and supplies technical mentorship, this enhances the quality of the output; making it more sought-after for market agents. Consequently, market agents are more likely to consider Commodity Approach beneficiaries than emerging farmers who are not Commodity Approach beneficiaries as their produce is likely to be of a higher quality.

4.10. MENTORSHIP

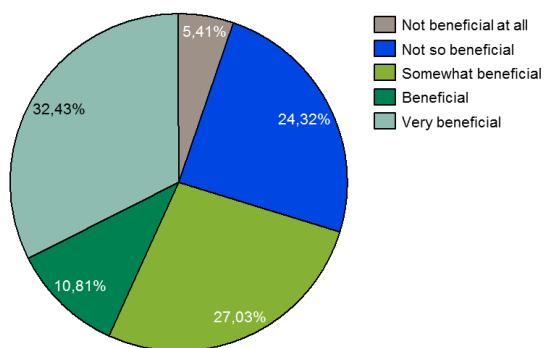
There were differing perspectives with regards to the value of the mentorship programme. The main finding from the KII process was that the mentorship programme is valuable and contributes substantially to the sustainability of the projects. However, these interviews noted that the main concern with the mentorship component of the Commodity Approach is that it is not well remunerated.

The interviews with the project farms and the project farm survey, however, suggested a different perspective with respect to the value of the mentorship. As illustrated in Figure

3 below, the responses from the project farms regarding the mentorship component of the Commodity Approach were mixed. Where projects received mentorship from specialists in the industry, this was universally felt to be beneficial. Conversely, a number of projects which received mentorship from fellow farmers were less positive of the contribution of the mentorship component of the Commodity Approach, for the following reasons:

- Many of the project beneficiaries have been working on the land for generations and thus feel that they have the basic technical skills required to farm the land successfully.
- The types of skills that are needed were considered to be administrative business skills, financial skills, and, contract and supplier management skills⁴.
- The mentors are farmers themselves, having their own farming commitments which limits the extent to which they can come to the project farm to provide advice and support.

Figure 3: Experience of the mentorship programme



An interesting model of mentorship is one where the mentor is a more experienced farmer that works on, or manages, the farm in collaboration with the project beneficiary. As compensation for mentorship provided, the farmer and mentor enter into an agreement that the mentor will receive some stake of the farm's produce. Theoretically, these arrangements should yield benefits since the farmer and mentor both have a stake in the successful operation of the farm, and the farmer is able to work alongside the mentor which maximises learning opportunities. However, difficulties can be encountered, such as, only part of the mentor's income will come from farming alongside the project beneficiary, which means they must still operate their own farm.

Figure 5 and Figure 4 below depict the changes in respondents' confidence and sense of empowerment as a result of the Commodity Approach. This shows, approximately 62% of respondents felt either more empowered or significantly more empowered and approximately 61% of respondents felt more confident or significantly more confident in their farming skills.

⁴ Recently, the WCDOA has embarked on the Financial Record-keeping (FRK) Project, which is designed to build small and emerging farmers' capacity to administer their farm businesses by improving record-keeping. It is clear that the FRK project has a role to play to fill the business administration skills gap experienced by farmers.

Figure 4: Change in confidence since support from the Commodity Approach was received

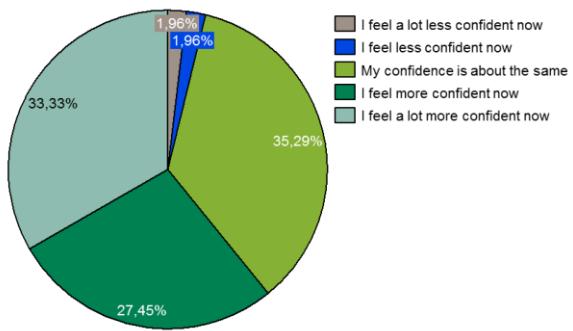
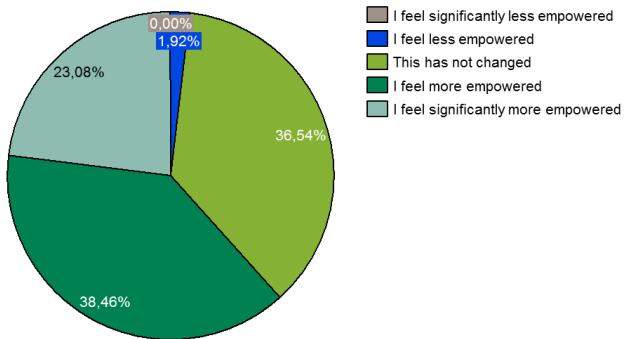


Figure 5: Change in feeling of empowerment since support from the Commodity Approach was received



4.11. VIABILITY AND ECONOMIC SUSTAINABILITY OF THE FARMING ENTERPRISES

According to the KIIs, reaching economic sustainability cannot be achieved in the short term. It takes a long time to become a financially viable farming enterprise. Despite this, two respondents noted that the financial information submitted by the projects indicates that many projects are financially better positioned than before the funding was received. Project farm interviews reiterated the fact that longer timeframes are needed to see changes in economic sustainability. Many of the projects are still highly dependent on support from the government, stating that being independent of this funding will only happen in the long term, between 2 and 10 years.

A key consideration raised by a range of stakeholder groups is that economic sustainability is highly dependent on the scale of the enterprise. In order to be sustainable, farms have to be of a certain scale, which is determined by the commodity in question and the intensity of the land use. However, many smallholder farmers do not meet this minimum threshold and thus cannot reach economic viability. This is best illustrated by means of an example provided by an official from the WCDOA:

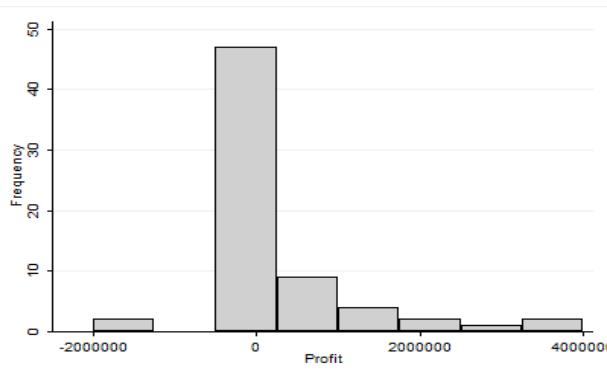
"The proposed ceiling for a small-scale farm is 1 000 hectares. With this amount of land, one would be able to sell less than 100 lambs per year. As such, the farmer's income per month would be approximately R3 500. However, if the farmer had just one employee, paid minimum wage, then the farm worker would earn more than the land owner, which with the expenses of farming and living would be unsustainable."

The smallholder farms indicated that to become sustainable, they need longer term support than support on a year-by-year basis. They stated that they need to be able to plan for longer time horizons and they need to be able to incorporate growth and expansion projections into their applications.

It should be noted that farm financial records were not analysed during this evaluation; therefore, the financial information presented in this evaluation is based on farmer recall and perceptions regarding the profitability of their farm. As illustrated in Figure 6 below, the majority of respondents reported that they had seen zero profit in the year spanning the support from the Commodity Approach. Similarly, 31% of respondents noted that they had not seen a change in their profitability over the time of the support, reiterating

the fact that longer time frames are needed to see changes in economic viability. Despite this, 15% of respondents noted that they did anticipate that they would turn a profit in the near future.

Figure 6: Profits from the project farms⁵

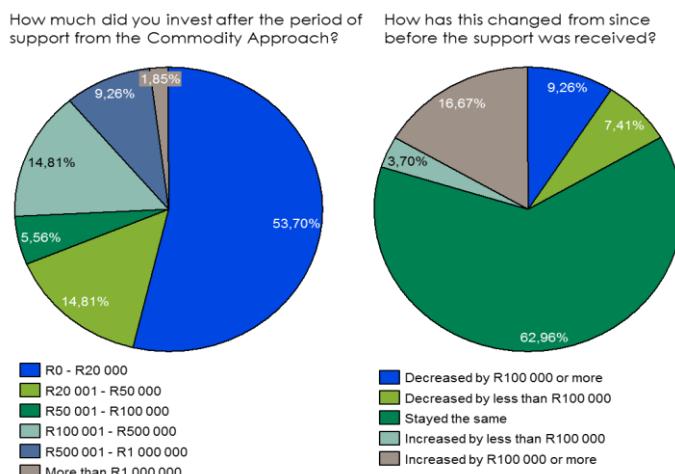


Ability to purchase inputs is an indication of economic viability. The survey found that approximately 61% of respondents noted that it was very challenging or challenging to purchase the inputs. Notably, the Commodity Approach was considered to help overcome this challenge, where approximately 55% of respondents found it easier or a lot easier to purchase inputs after receiving support from the Commodity Approach.

In order to overcome the fact that many smallholder farmers do not quantify 'non-cash' investments, such as physical assets, as re-investment into the farm, the survey asked smallholders what assets they had purchased since the beginning of the support period. The survey found that the majority of respondents did not re-invest assets into the farm, and where they have this is mostly in the form of farm vehicles.

As illustrated in Figure 7, the majority of smallholders (53.7%) invested between R0 and R20 000 back into their operations and there was little change seen in re-investment values before and after the period of support (63% of respondents noted that there had been no change in their re-investment), indicating that the Commodity Approach had limited influence on re-investment which is a contributing factor to sustainability.

Figure 7: Re-investment into the farming enterprise



⁵ Three outliers were omitted given their irregularity

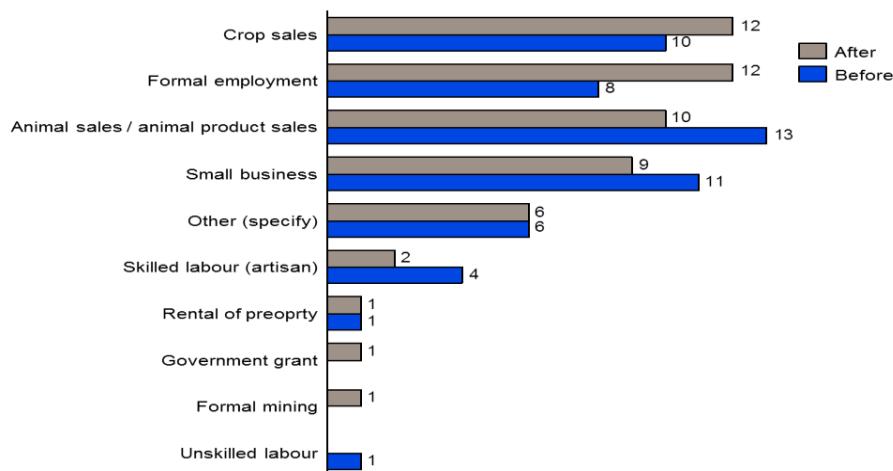
When analysing the value of re-investment by farm annual revenue, as presented in Table 5, it is clear that the value of reinvestment is not an insignificant proportion of annual revenue. However, the results in Table 9 should be interpreted with caution given the pitfalls of small sample bias.

Table 5: Value of reinvestment by farm annual revenue

Value of reinvestment	Annual revenue					Total
	R50,000 or less	R50,001 - R100,000	R100,001 - R200,000	R200,001 - R500,000	More than R500,0000	
R0 - R20,000	13	1	2	6	0	22
R20,001 - R50,000	3	2	2	0	0	7
R50,001 - R100,000	0	0	0	1	0	1
R100,001 - R500,000	0	0	3	0	5	8
R500,001 - R1,000,000	0	1	0	1	3	5
More than R1,000,000	0	0	0	0	1	1

An indicator for the long term economic viability of a farm is the extent to which the farmer is able to make an income from it. As illustrated in Figure 8, crop sales, animal/animal product sales and formal employment are the main sources of income for the smallholder farmers surveyed. Notably, support from the Commodity Approach is linked to a greater number of people obtaining their main source of income from crop sales.

Figure 8: Main source of income



4.11.1. Status and use of financial records

All projects reported that they have financial records in place and that these are either managed by the project themselves or their extension officers. Smallholder famers frequently cited the fact that the financial records were used primarily for applications for assistance from Government. A number of the smallholder farmers noted that it would be useful to have financial training as part of the mentorship component of the Commodity Approach as this side of the business is not well known to them.

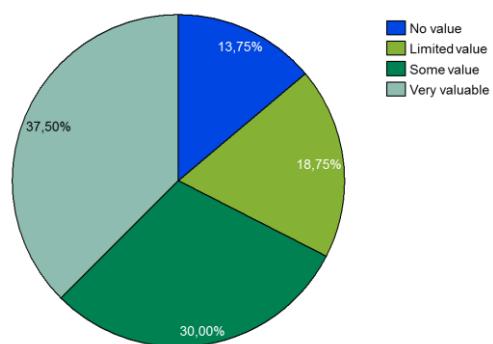
4.12. IMPACT OF COMMODITY APPROACH ON BENEFICIARY AND SURROUNDING AREA

4.12.1. Beneficiary impacts

The project register data indicates that a total of 10 240 beneficiaries have benefited from the Commodity Approach from 2009/10-2014/15. The greatest number of beneficiaries over the period is from projects in the fruit CPAC, followed by the wine CPAC. Mostly, projects have less 100 beneficiaries, with a large number of projects clustered with 0-20 beneficiaries.

Survey respondents were asked to rate the extent to which the Commodity Approach has been valuable to them and their farming operations. As illustrated in Figure 9 below, 38% of respondents noted that their experience with the Commodity Approach had been very valuable and 30% noted that their experience had added some value.

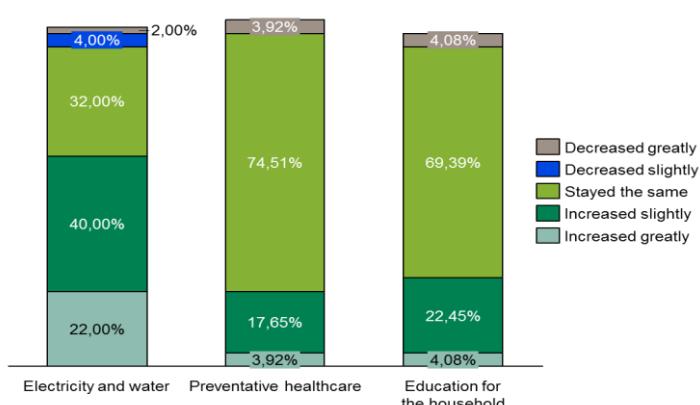
Figure 9: Experience with the Commodity Approach



Through the survey, smallholder farmers were asked about the extent to which the support from the Commodity Approach had influenced their financial position. The majority of respondents (36%) felt no change, however, approximately 30% of respondents stated that the Commodity Approach had made them a bit more confident of their future financial situation and 26% stated that they were a lot more confident in this.

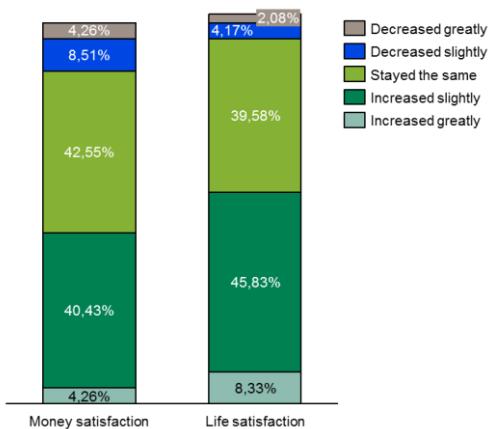
As a proxy for changes in welfare as a result of the Commodity Approach, smallholder farmers were asked about changes in their expenditure on electricity and water, preventative healthcare and education for the household. As Figure 10 shows, across expenditure categories, expenditure mostly remained the same, however, there were notable increases on electricity and water and incremental increases on both preventative healthcare and education for the household.

Figure 10: Expenditure on electricity and water, preventative healthcare and education for the household



Smallholder farmers were asked about the change in their level of satisfaction with their availability of money to meet their basic needs and their overall level of life satisfaction, from before they received support from the Commodity Approach to afterwards. As Figure 11 shows, both life and money satisfaction increased with a large portion of respondents stating that they remained the same.

Figure 11: Changes in money satisfaction and life satisfaction



For the majority of respondents, the value of their farm income has not changed greatly since the support from the Commodity Approach was received (Figure 12). However, the stability of their income has improved.

Figure 12: Value and stability of farm income

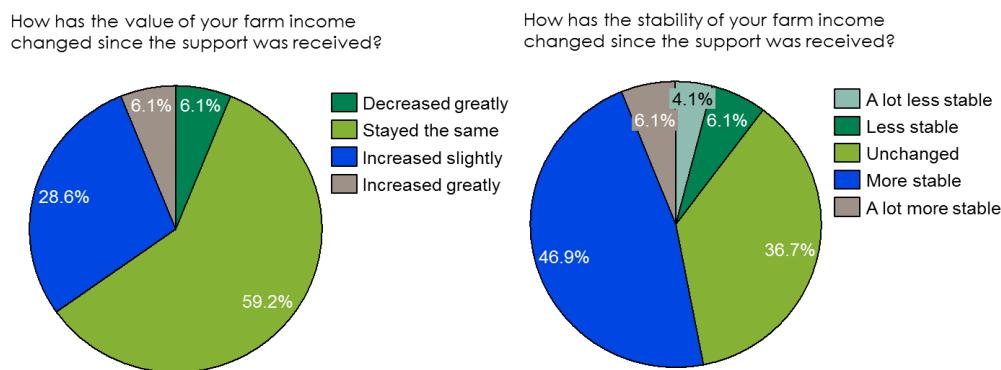
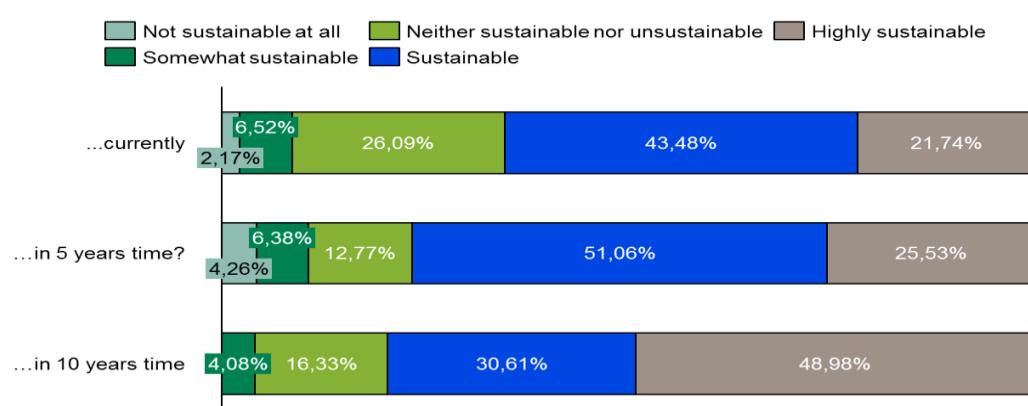


Figure 13 below illustrates the long term perspective of the sustainability of smallholder farmers' farm income. As this illustrates there is a positive outlook, whereby the majority of respondents feel that their farm income will be sustainable going forward.

Figure 13: Long term view of sustainability of farm income



Two KII respondents noted that there is a lack of an exit strategy for the Commodity Approach, indirectly resulting in beneficiaries becoming dependent on the funding as they assume that they can always get it. While the application does stipulate that respondents must indicate when and how they aim to become economically viable, this is used as a cut-off point for funding as there are often additional requests for funding post the stipulated date for unforeseen events such as hail.

The consensus with the KII stakeholders is that the Commodity Approach has had a limited impact on the graduation of smallholder farmers into commercial agriculture. As noted above, one of the constraints to this is the scale of the smallholder's farming enterprise. Another constraint is the long timeframe associated with farming, whereby one season of support is unlikely to yield immediate results.

4.12.2. Surrounding communities

Key informants noted that the surrounding communities benefit indirectly from additional production and activity in the area. Jobs are created in the communities to assist with, for example, harvesting the produce resulting from the project. While the income generated from such activities is relatively low, it has a knock-on effect whereby people earn more and thus spend more in the community, thus creating more economic activity in the area and marginally raising others' incomes.

Findings from the project farm interviews aligned with the above KII finding, whereby many farms have employed labourers from the surrounding communities, mainly in the form of temporary work to assist in the peak season. Most of the smallholder farms are family enterprises whereby family members assist with working on the farm when needed, thus the impact on the surrounding communities is typically quite limited with respect to the smallholder farms due to the scale of their operations. In the case of shareholder projects, however, project beneficiaries indicated that it takes an extended period of time to reach a point whereby projects can pay out a dividend. As such, none of the projects have as of yet declared a dividend despite their positivity that they will do so in years to come (with two projects estimating that this could take another 2-3 years).

The information presented in Table 6 regarding employment and job creation was obtained from the farm survey. As this illustrates, on average, the farms supported by the Commodity Approach employ almost 12 permanent employees and 30 causal employees.

Table 6: Employment summary statistics

	Average	Minimum	Maximum
Permanent staff	11.78	0	159
Casual staff	29.05	0	500
PDI employees	19.83	0	200
Disabled employees	0.26	0	4
Female employees	6.46	0	95

Based on the above, respondents were also asked the extent to which they had experienced a change in the number of permanent and seasonal employees from

before the support from the Commodity Approach was received and after. As illustrated in Figure 14 below, the majority of respondents noted that there was no change.

Figure 14: Change in the number of permanent and seasonal employees



According to the project register data, a total of 5788 jobs were created by projects supported by the Commodity Approach. The wine and fruit CPACs were responsible for creating the greatest number of jobs.

5.

RESPONSES TO EVALUATION QUESTIONS

The evaluation questions as per the TOR were specific to smallholder farmers. This evaluation, however, was designed to be broader than looking exclusively at smallholder farmers and included both share schemes and commercial farms involved in the Commodity Approach. As such, the responses to the evaluation questions are generalised to smallholder farmers, commercial farms and share schemes unless explicitly noted otherwise.

5.1.

TO WHAT EXTENT HAS THE COMMODITY APPROACH CONTRIBUTED TO IMPROVED PRODUCTIVITY OF THE FARMERS?

Through the use of better, more sustainable farming practices, higher quality inputs, and increased mechanisation, the Commodity Approach contributes towards improved productivity for project farms. However, the timeframes required to see notable changes in productivity are greater than those associated with the Commodity Approach. As such, while the Commodity Approach contributes towards improved productivity, the extent to which these productivity improvements have been realised and practically measured is limited.

There are many projects that have received multiple years of support from the Commodity Approach. Where the support from the Commodity Approach builds on the previous year's funding there are more notable changes in productivity than those projects that have received a single year of support or multiple years of support for discrete, disconnected projects.

5.2.

TO WHAT EXTENT HAS THE COMMODITY APPROACH CONTRIBUTED TO MARKET ACCESS BY THE FARMERS?

Some smallholder farmers noted that their market access was enhanced by the link that his/her mentor provided to the market. However, most projects had links to the market and agreeable contracts and off-take agreements in place prior to the support from the Commodity Approach.

Despite the limited direct impact of the Commodity Approach on market access, there is evidence of the Commodity Approach having an indirect impact on project farms' market access through improved quality. Through improved farming practices, higher quality inputs and increased mechanisation, the quality of many of farms' produce has improved as a result of the Commodity Approach. This higher quality produce as well as the provision of more market-oriented cultivars has resulted indirectly in project farms having greater access to markets and the realisation of higher prices.

5.3. WHAT IS THE CONTRIBUTION OF THE MENTORSHIP PROGRAMME TO THE FARMING OPERATIONS?

The contribution of the mentorship programme to project farms' operations varies considerably, depending on the mentor him/herself, the project and the 'need' for this mentorship. This is illustrative of the broad nature of the mentorship agreement that is completed on a project-by-project basis.

The mentors have differing approaches to undertaking their mentorship obligations and have varying degrees of investment in their projects. As such, the project farmers' experiences of the mentorship programme vary considerably, depending on who their mentor is. The duration that the mentor has worked in the industry is considered to be a key factor underpinning the perceived usefulness of the mentorship programme. The longer the mentor has been in the industry, the more experience he / she has and thus the more valuable his / her insights are perceived to be. Additionally, the mentors are typically farmers in the same commodity, thus when the project most needs support from his / her mentor, typically during harvesting, planting or mating season, the mentor is busy on his / her own farm, rendering the amount of support that the mentor can provide to be limited. The mentor and farmers' personalities are also fundamental to the extent to which the mentorship programme benefits the operations of the farming enterprise.

Typically the smaller, newer operations benefit more from the mentorship programme than the larger, more established operations that have a pre-existing knowledge base. The mentorship programme can play a role in developing emerging farmers' confidence in running a farming enterprise and developing a greater feeling of empowerment. However, many of the smallholder farmers who have been working on the land for many years prior to the Commodity Approach indicated that the technical advice provided by the mentorship programme was less useful than business and administrative training which would be instructive to strengthen their operations.

The mentors' financial and remuneration agreement is unclear to many of the projects whereby some believe that the mentor is paid for his services and some believe it is a pro-bono activity where only direct costs are refunded. This confusion results in unrealistic expectations of the programme and the results it is to achieve.

5.4. HAS THE APPROACH CONTRIBUTED TO THE 'GRADUATION' OF SMALLHOLDER FARMERS TO COMMERCIAL AGRICULTURE?

Neither 'smallholder farmers' nor 'commercial agriculture' are definitive terms in the South African agricultural landscape. As such, the graduation of smallholder farmers to

commercial agriculture is an ambiguous statement, however, based on the understanding that to graduate is to become a more sustainable and commercially viable operation, the Commodity Approach has the potential to the graduation of smallholder farmers. However, the extent to which it does so is limited given that the size of the enterprise, which is directly linked to the physical size of the farm, is a main driver of sustainability. Without achieving economies of scale it is becoming increasingly difficult to achieve financial sustainability.

Most of the smallholder farmers noted that they are not yet at a point of financial sustainability and that it will take some time and further support to get to this point. By contributing to farmers' productivity, linking farmers to markets and by farmers leveraging the Commodity Approach support to obtain further funding, the Commodity Approach does contribute towards the 'graduation' of smallholder farmers, however, this is a limited contribution to what is needed to ensure the complete graduation from a smallholder farmer to a commercial operation.

5.5. WHAT DIFFERENCE DID THE ASSISTANCE THROUGH THE COMMODITY APPROACH MAKE TO THE VIABILITY AND ECONOMIC SUSTAINABILITY OF THE FARMING ENTERPRISES?

5.5.1. Do the financial position and records of the commodity projects indicate a sustainable financial position?

Most of the operations are not yet at a point of being profitable or financially sustainable. However, there was a generally positive outlook, whereby the projects anticipated that they would become sustainable after a few additional years of support and that with longer project timeframes this change would be more evident.

While many of the farming enterprises require additional support and longer timeframes in order to become more economically sustainable, the smallholder farmers were generally positive about the influence of the Commodity Approach on their financial situation as an individual. Smallholder farmers reported incremental improvements in their welfare, life satisfaction and money satisfaction. Additionally, smallholder farmers noted substantial improvements in the stability of their income and had a positive long term outlook on the sustainability of their farm income.

5.5.2. What is the nature and extent of re-investment taking place into the business?

There is limited, if any, re-investment taking place on the project farms. Where re-investment is taking place, this is mainly on the larger farms and is in the form of farm vehicles and farm implements. The most commonly cited source of funding for re-investment is grant financing.

5.5.3. Do these projects comply with statutory requirements?

All the projects keep financial records, as per the Commodity Approach's requirement. These are most notably used for compliance purposes and for funding applications.

5.5.4. Has the project developed a secure market and are they maintaining these markets?

The projects typically had markets and off-take agreements in place prior to the support from the Commodity Approach. The Commodity Approach's contribution to

securing and maintaining markets is more indirect, resulting from improvements in product quality.

5.6. WHAT CHANGES IN THE DEPARTMENT'S INTERVENTIONS SHOULD BE INTRODUCED IN ORDER TO ENHANCE THE COMMODITY APPROACH?

This question is answered through the recommendations in the following section.

6. RECOMMENDATIONS

The findings and analysis of the evaluation have illustrated that the Commodity Approach plays a role in transforming agriculture and supporting new entrants into farming. Based on the findings of the evaluation, the following recommendations have been provided to enhance the Commodity Approach going forward:

The **main recommendation** arising from this evaluation is that the **package of project support should be designed to facilitate farmers' graduation** to increased commercial orientation and commercial success. Specifically, the following recommendations are made:

1. Projects should be approved for a period longer than one year (or one season). The term of the period of support must be determined based on the natural business cycle of the farm, which will depend on the type of produce.
2. The renewal of annual support should be contingent on the achievement of key deliverables (e.g. production targets).
3. External financiers are key stakeholders of the Commodity Approach; therefore, business plans should identify when projects will be in a position to access funding sources other than grant funding; and there should be a co-contribution requirement for larger, more commercially oriented projects.
4. Business plans need to be developed with sufficient agronomic input, concentrating in particular on the commercial and managerial outlook for the project. An input channel should be developed such that this support can be provided and inputted sufficiently prior to project approval.
5. Business plans should show how the support requested will contribute to the improved commercial viability of the project for the full period of support requested.
6. Extension officers should be involved in developing business plans given their knowledge of the project and to ensure that they are familiar with the details of the project before it commences.
7. Projects' contractual agreements should stipulate that projects are required to submit progress reports for three years post-support. This will inform better decision making for applicants that apply for subsequent years of support. It will also enable improved monitoring of the portfolio of projects and the on-going performance of these projects.
8. It is understood that the WCDOA has contracted quality assurers through Casidra to assess the quality of support provided to projects. It is recommended that the quality assurer's role be extended to collect, validate and analyse these progress reports.

The following additional recommendations are made:

9. Projects should be assessed on a competitive basis, by comparing the merits, strengths and risks of each project relative to others in the portfolio.
10. It is understood that since CASP is now a Schedule 5 conditional grant, the national Department of Agriculture requires a pre-approved project list, which must be completed a year before funding is provided. However, pre-approval is difficult given the time-sensitive nature of farming. Pre-approving projects for funding the following year may exclude potential projects that are time dependent. It is also understood that CASP does not allow for a discretionary funding budget, but rather all deviations in funding need to be submitted for approval. It is anticipated, given the nature of agriculture and the kinds of projects currently being funded, that 70% of the budget should be allocated to the pre-approved project list, while the remaining 30% of the budget should be allocated to projects that could not determine their funding / support needs a year in advance.
11. The projects that are on the pre-approved list should be approved on a competitive funding basis. This requires that all project applications must be submitted by an agreed date, and are assessed at the same time. The CPACs should meet to review the full set of all applications submitted in that quarter and score the applications on predefined criteria to determine which projects are supported on the funding that is available for that quarter. The dates by which applications must be submitted must be published well in advance.

Mentorship remains a crucial aspect of the Commodity Approach; however, there is a need **to standardise and improve the mentor recruitment, management and remuneration arrangements.**

12. Mentorship should extend beyond the technical aspects of farming to include business and administration training. This can be implemented by the mentor directly or through improved marketing of Elsenburg's business training courses to the project beneficiaries. Additionally, projects should be encouraged to participate in the FRK project.
13. The mentor selection and allocation process should be carefully managed to ensure that skills and experience are appropriately matched between the mentor and the project beneficiary.
14. There is a need to standardise the mentor programme to ensure that the degree of variation in outcomes is reduced. When the mentor is allocated, there should be a session with the mentor and the project beneficiary to agree on what the mentorship will aim to achieve over the support period, how this will be disaggregated by quarter and what is expected from both the mentor and project beneficiary.
15. Remuneration of mentors should be carefully designed to compensate beyond expenses, such that they are incentivised to allocate time to mentorship activities.

The Commodity Approach is a good programme, and as such, **it will be beneficial to expand its reach.**

16. To improve potential farmers' awareness of the Commodity Approach, its marketing efforts should be extended through inter alia road shows, radio campaigns print advertisements. Marketing should be done in consultation with CPAC members and local agricultural NGOs who may be aware of potential emerging farmers.
17. This includes leveraging additional public and private financing, by ensuring that CASP funding is used to promote the 'bankability' of a project and that projects are incentivised to provide co-contribution (once their balance sheet allows).
18. Projects should be encouraged to aggregate the purchase of inputs and the sale of produce, where this will enable them to either drive down costs or gain better prices at market.
19. Farms that neighbor each other should be encouraged to share implements, machinery and facilities (e.g. cold storage). The WCDOA should work with farmers to develop contractual agreements that are amenable to all parties and that will ensure good governance of support provided.
20. The WCDOA should research and document the range of support provided to agricultural development, and explore where other sources of funding/support can be included in the business plan.

6.1. RECOMMENDATIONS FOR FUTURE EVALUATIONS

Regular monitoring and planned evaluation of the Commodity Approach is recommended to enable learning, reflection and continuous programme improvement. The following specific recommendations are made:

1. Projects should be contractually obligated to maintain good records of farm performance and project deliverables should be reported on a quarterly basis. Indicators like yield, sales, revenue, expenses and profit should be included in **project monitoring plans**.
2. Project monitoring data should be reviewed by each CPAC, preferably on a quarterly basis but at least bi-annually. Notable findings should be reported to the WCDOA. Project monitoring data should be stored in an electronic data format as this will ensure that future evaluations are cost-effective.
3. **Evaluative reflection of project monitoring data** will support results-based management of the Commodity Approach portfolio of projects, which will facilitate real-time programme improvement.
4. Another **independent performance / implementation evaluation**, similar in design to this evaluation, should be commissioned in three years' time. This evaluation should be used to **quantify outcomes** rather than focusing on causal attribution.
5. Given the market orientation of the Commodity Approach and the size of funding allocated each year, we recommend an **economic evaluation** to estimate and compare the costs and benefits of the Commodity Approach.
6. **Case studies** of the best, worst and typical projects should be developed to extract lessons relating to project design, selection and implementation.

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APPENDIX 1: FULL REPORT

Please see the full report of the Evaluation of the Commodity Approach available as a separate document from the Western Cape Department of Agriculture.