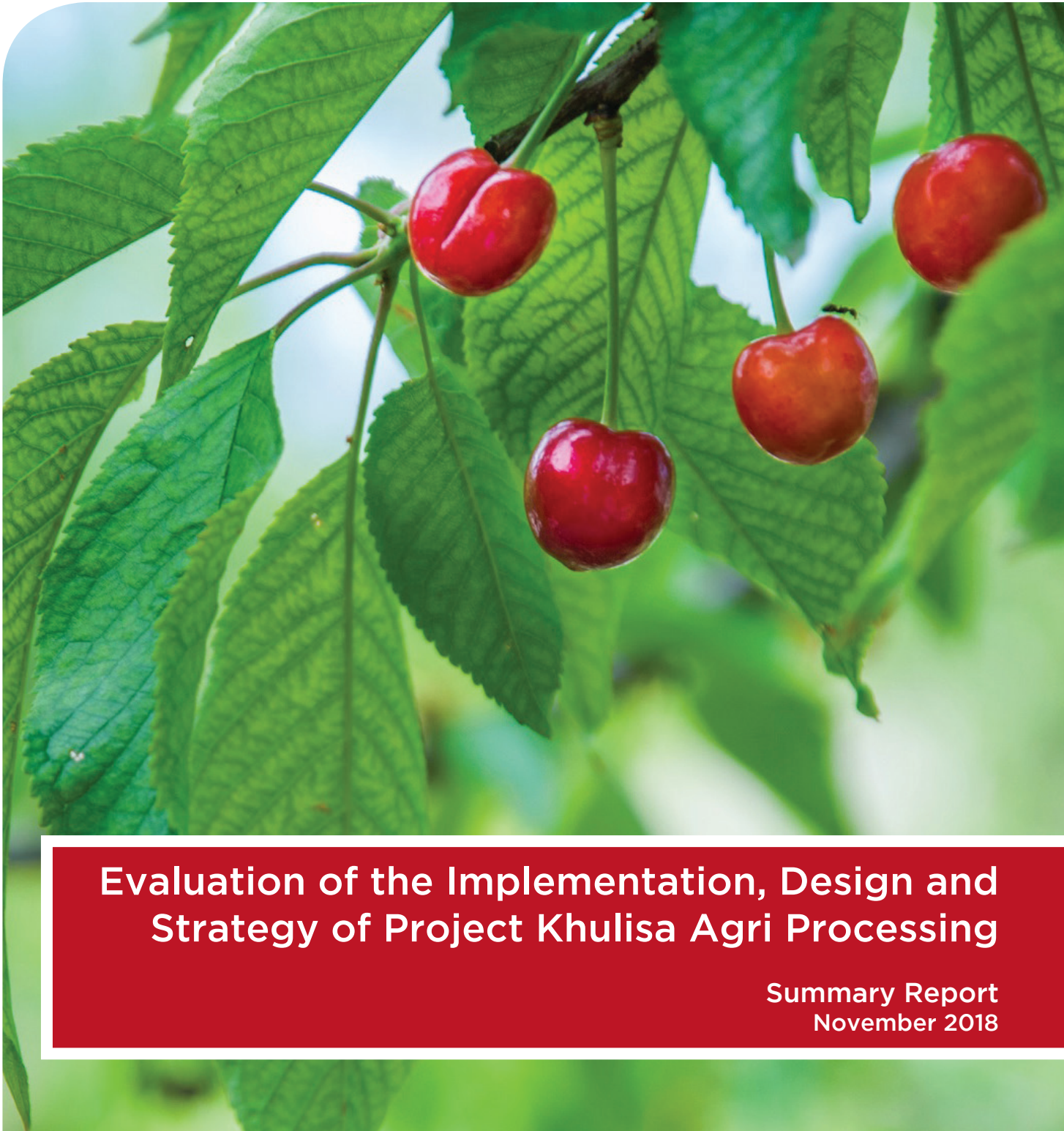




**Western Cape
Government**

Agriculture



Evaluation of the Implementation, Design and Strategy of Project Khulisa Agri Processing

Summary Report
November 2018

Policy Summary

Three years into its implementation, the Western Cape Government called for an evaluation of Project Khulisa Agri Processing. The purpose of the evaluation was to assess project design, implementation and emerging impact, and to produce 10 key recommendations for the three strategic intents.

The evaluation finds that the novel design approach utilized for Khulisa Agri Processing adequately identified and defined the problems that it was attempting to address, and that the intervention aligned closely to national and provincial priorities. Agri processing as a priority sector to address the lack of economic growth in the Western Cape was demonstrated to hold considerable potential for economic growth and job creation. Three high potential strategic intents (SIs), namely halal, local capacity development, and wine and brandy, were identified through a cross-sectoral stakeholder consultative process and a clearly documented deep-dive analysis. The ultimate selection of levers and prioritisation of sub-sectors to identify the three key strategy areas, was a challenging task, also influenced by other priorities. The appropriateness of design of the SIs, in terms of potential contribution to economic growth and job creation, and the ensuing efficiency of implementation, were generally influenced by whether a clear identification and analysis of constraints and opportunities had been undertaken, participation in the design process by industry stakeholders, alignment to industry's expressed needs, as well as clearly articulated and detailed plans for the initiatives developed with implementing partners. Delays have been experienced in the implementation of all three SIs, with the result that some expected outputs have not been achieved within the initially proposed time frames. Implementation dates formulated at design were ambitious and generally under-provide for the complexities inherent in each strategic intent. Initiatives have thus been implemented based on time frames revised by the management team during implementation.

Khulisa Agri Processing is an ongoing project, and achievements are assessed based on current as well as identified potential future areas of impact. Impact was generally difficult to assess quantitatively: many of the interventions have been institutional in nature, and baseline and programme-level data have been limited. The assessment identifies current project achievements and potential future contributions for the halal strategy related to export-promotion activities, halal governance and the halal-certification initiative. For the wine and brandy SI, Khulisa has contributed to extensive promotional activities for wine in China and Angola. Wine export volumes have increased significantly in China and, whilst Khulisa has meaningfully supported the promotional activities, the exact contribution towards increased wine sales at a provincial level is difficult to quantify directly. There has been limited achievement of outcomes for the local production capacity strategic intent, partly reflected in the much lower expenditure undertaken for this SI than budgeted. Areas with potential to contribute to the project objectives over the longer term include the chemical-residue testing facility, skills, innovation and efficiency and the commodity approach. The analysis identified specific Khulisa Agri Processing initiatives which may be contributing to the overall goal of increasing jobs and gross value add (GVA), although it was generally difficult to quantitatively link provincial-level changes in jobs and GVA directly to project activities and initiatives. The evaluation presents 10 key recommendations for consideration in the current project as well as in future programmatic efforts; relating to the utilisation of a highly focused and prioritised sectoral design approach, specific recommendations to adjustments to the three SIs, as well as considerations regarding project institutional arrangements, governance and delivery.

Executive Summary

Background

Accelerating economic growth and job creation remain critical imperatives for South Africa, and policymakers at national and provincial level have set their eyes on a trajectory of faster and more inclusive GDP growth. In 2015, the Western Cape Government (WCG) began developing and implementing initiatives and interventions to create opportunities for economic growth and employment creation. One such intervention was Project Khulisa Agri Processing, an ambitious five-year partnership between government and the private sector which utilised extensive research and intensive consultations to identify key sub-sectors and design game-changing interventions. Three high potential strategic intents (SIs), namely halal, local capacity development, and wine and brandy, were identified through a cross-sectoral stakeholder consultative process and a clearly documented deep-dive analysis.

Three years into the implementation, the WCG has called for an evaluation of Project Khulisa Agri Processing. Blue North Sustainability, in collaboration with DNA Economics, was appointed to undertake this evaluation for the WCG from May to November 2018. This is the summary report of the evaluation. The comprehensive evaluation report is provided as an annexure.

The purpose of the evaluation was to assess Khulisa Agri Processing project according to its **design** (was the intervention in theory designed in a robust manner and was it appropriate and fit-for-purpose), **implementation** (focusing on the actual delivery process of the project, and exploring the suitability and assumptions made in the theory of change for the project), and **emerging impact** (focusing on effectiveness and current and expected project achievements in relation to intended objectives and outcomes). The evaluation proposed **10 key recommendations** for the three project SIs.

Brief description of Khulisa Agri Processing

Project Khulisa was established to address key concerns of the Western Cape government related to a slowdown in national and provincial economic growth and exports since 2008 and the related low levels of job creation, which have fallen far short of the growing labour supply. Growth has been experienced mainly in sectors with lower labour-absorption rates, with declining contributions by primary and secondary sectors of the economy. As a response, Project Khulisa was developed using an intensive design process in three phases to ensure that it was constructed in a way that provided the best opportunities to achieve economic growth and job creation. **Agri processing** was identified as a high-growth sector with the potential to scale - the analysis suggesting that under a high-growth scenario, the sector's GVA contribution could increase by 126%, from R12 to R26 billion in 2019, and could add a further 100,000 formal jobs. Several key challenges that constrain the agri processing potential of the Western Cape were identified, namely: barriers to market access; access to water and electricity; weak logistics, poor infrastructure and exchange-rate limitations for new technologies; low levels of skills and high salary costs; a weak regulatory framework; and a challenging business environment for small, medium and micro-sized enterprises (SMMEs) in the sector.

Subsequent analysis unpacked the sector's potential by **identifying key action areas and priority levers and recognising the sub-sectors and industries with the highest growth and job-creation potential**. This research set the foundation for the design of specific projects and interventions to be implemented at sub-sector level, and three strategic intents were formulated as the strategic focus of Project Khulisa Agri Processing.

Key findings

Khulisa agri processing was developed as a response **to clearly defined challenges** of inadequate economic growth and rapidly increasing levels of unemployment in the Western Cape (WC). The evaluation finds that the design approach adequately identified and defined the problems it was attempting to address, and that the intervention aligned closely to national and provincial priorities. Regarding appropriateness of the selection of agri processing as a priority sector to address the lack of economic growth in the WC, we find that the sector was demonstrated **to hold considerable potential** for economic growth and job creation.

The **selection of the three strategic** intents was based on a novel, cross-sectoral stakeholder engagement and consultative process, and a clearly documented deep-dive analysis - the aim of which was to identify areas with the highest potential for economic growth and job creation. The ultimate selection of levers and prioritisation of sub-sectors to identify three key strategies was challenging and influenced by other priorities. The appropriateness of design of the SIs, and the ensuing efficiency of implementation were generally influenced by: whether a clear identification and analysis of constraints and opportunities had been undertaken; participation in the design process by industry stakeholders; alignment to industry's expressed needs as well as clearly articulated and detailed plans for the initiatives, developed with implementing partners.

The **institutional framework** governing the implementation and oversight of Project Khulisa was comprehensive and included a broad range of stakeholders. Delays have been experienced in the implementation of all three strategic intents, with the result that some expected outputs have not been realised within the proposed time frames. In some instances, this has been attributed to capacity constraints within the Western Cape Department of Agriculture (DOA) and the Western Cape Department of Economic Development and Tourism (DEDAT), however, the evaluation finds that implementation dates formulated at design were ambitious and generally under-provided for the complexities inherent in each SI. Initiatives have thus been implemented based on time frames revised by the management team during implementation. Project management was generally comprehensive, and the coordination of activities was generally undertaken in an efficient manner.

The **overall budget** for Khulisa Agri Processing was R220 million (2014-2019). Our analysis finds that, in general most initiatives were adequately budgeted, although it is notable that a large proportion of the budget in each SI emanated from the "commodity approach" programme, which sits outside of Khulisa Agri Processing and is funded by the Comprehensive Agriculture Support Programme (CASP). Regarding expenditure, for **strategic intent 1 (halal)**, the initial budget allocated by DOA and DEDAT has been exceeded, while some outputs are yet to be completed. For **strategic intent 2 (wine and brandy)** the combined DOA and DEDAT expenditure to date is close to the initial budget and many of the outputs have been completed. For **strategic intent 3 (local production capacity)**, expenditure to date is well below the budgeted amount, primarily due to underspending by the DOA. This may be attributed to reprioritisation of budget, for example due to the drought.

Khulisa Agri Processing is an ongoing project, and **project achievements** are assessed based on current achievements. The emerging impact of Khulisa Agri Processing is generally difficult to assess quantitatively: many of the interventions have been institutional in nature, and there are limited baseline and programme-level data. Regarding the **halal strategic intent**, the assessment identifies current achievements and potential future contributions related to: export promotion of halal products and halal governance and data whilst the

halal certification initiative, if or when realised, is expected to be key to ensuring market access for Western Cape producers and agri processing businesses over the longer term. The objective of the halal SI is to increase the Western Cape's share of the global halal market from <1% to 2% by 2025. Although some Khulisa interventions have probably contributed to this value, the extent of the contribution to this increase is difficult to quantify. The halal export-promotion strategy is currently the most important halal initiative contributing towards this goal.

For the **wine and brandy strategic intent**, Khulisa has contributed to extensive promotional activities for wine in China and Angola. While the exact contribution of Khulisa to observed export volume increases is difficult to quantify directly, export volumes have increased significantly in China and the Khulisa project has meaningfully supported the promotional activities. Whilst the water infrastructure and transformation initiatives are in progress, the effects of increased access to water and the transformation goals established in the commodity approach has the potential to contribute significantly over the longer term in the agricultural and agri processing sector in general. The brandy initiative has, as yet, not achieved its outputs. The goal of the wine and brandy SI is to double the value of South African wine and brandy exports to China and Angola by 2025. Wine exports to China have grown considerably over the course of Project Khulisa (more than 100%), whilst Angolan exports have been strongly affected by the oil crisis. Whilst Khulisa is expected to have contributed to this, the exact contribution towards increased wine sales at a provincial level is difficult to quantify directly as it is challenging to tie an increase in wine exports to Angola and China directly back to Khulisa's promotional activities.

There has been limited achievement of outcomes for the **increased local production capacity strategic intent**. This is partly reflected in the expenditure undertaken for this SI, with the amount spent to date far lower than the budget initially allocated. Nevertheless, the assessment does identify the following initiatives which, although not yet realised, are considered to have the potential to contribute to the project objectives over the longer term: the Chemical Residue Testing Facility, skills development, innovation and efficiency, and the commodity approach. The objective of SI3 is to increase the value added in the Western Cape agri processing sector by R7 billion by 2020. The baseline value of the GVA in this sector in 2015 was R21.9 billion. The latest available value for this is R22.2 billion in 2016. Given current achievements, we see the potential contribution of SI3 towards this objective as limited.

The **overarching goals** set by project Khulisa were to grow agri processing GVA from R12 to R26 billion by 2019, and grow agri-processing jobs from 79 000 (2014 value) to 179 000. Jobs in the WC agri processing sector are monitored via two measures: agri processing jobs (baseline (2016, Q1): 111 465 jobs vs. Q1 2018: 132 188) and agri processing support jobs (baseline (2016,Q1): 94 815 jobs vs Q1 2018: 103 705). GVA is monitored for the sector at the provincial level as outlined above. The output and outcome-level analysis identified specific Khulisa Agri Processing initiatives which may be contributing to the overall goal. It is evident from the analysis that it is generally difficult to directly link provincial-level job changes and GVA to Khulisa Agri Processing activities and initiatives.

The evaluation synthesises **key learnings** from the application of the Khulisa approach to ensure a focused and prioritised approach going forward. This includes consideration of: sectoral-feedback mechanisms, the identification and articulation of constraints and opportunities, lever versus sub-sector factors, the role of the private sector, and project governance. The synthesis furthermore identified success criteria in common for

current project initiatives: a commonality was that there was a clearly identified constraint or opportunity, and that the constraint or opportunity typically was in the sphere of influence of the WCG.

Recommendations

The objective of the WCG in Khulisa Agri Processing was, through a focused approach, to ensure that they are as facilitative as possible in creating an enabling environment for the sector. Successful Khulisa Agri Processing initiatives are characterised by a clear identification of **constraining factors and/or opportunities**, involvement of **industry stakeholders** and a focus on those initiatives that fall within the **sphere of influence** of the WCG. To this end we recommend the following regarding the Khulisa Agri Processing approach and design:

1. The WCG should **continue to utilise the Khulisa approach**, which seeks to focus and prioritise key areas within agri processing that can unleash the greatest growth potential and employment creation.
2. The challenge to this approach is an information asymmetry in the sector – lack of sub-sectoral data makes it difficult to identify the key constraints and opportunities across the sector as well as within value chains. The Khulisa approach is contingent on clear feedback loops. We recommend that WCG **develop a mechanism that can regularly provide information on key constraints and opportunities** across the sector as well as within sub-sectors.
3. Many of the supply-side risks and constraints facing agriculture, agri processing and the bio-economy in general are cross-cutting, these include; skills shortages, water and energy, labour relations, market access, compliance and regulation and legislation issues. The current project approach was characterised by a debate of a lever versus sub-sector approach. As outlined above, the approach should ultimately be informed by sectoral feedback. Where possible, future programmatic efforts should be **primarily focused on the identification and amelioration of the generic, cross-sectoral constraints (levers)**, with more sub-sector specific interventions implemented **only where sub-sectoral feedback and prioritisation clearly justifies sub-sector focused interventions**.
4. Khulisa Agri Processing included existing/ongoing programmes in the strategic intent design, some of which constituted a large part of the project. For future programmatic efforts, the inclusion of existing and ongoing programmes should be determined by **whether the programme in question addresses the key constraints and or opportunities identified within the sector**.
5. We have the following recommendations specific to the **halal strategic intent**:
 - i. Structured support for the halal sector should be continued through building on the institutional capacities developed to date and on the understanding that this is a long-term endeavour with positive implications beyond agri processing. For example, the halal governance structures established can harness broader halal-related opportunities, including but not restricted to agri processing.
 - ii. The halal-certification space is complex, and it is challenging to identify the best way forward. The lack of a generally accepted halal certification standard in South Africa undermines the WC halal industry's ability to penetrate and secure desired markets. Government should **continue to support the process underway towards clarifying halal certification**; but allow the halal sector and governance structures to facilitate and inform this process going forward.
 - iii. The halal industrial park initiative has experienced considerable challenges. **The merits of the halal industrial park promotion process should be reviewed** by Khulisa Agri Processing ManCom with a view to either ending the initiative, or considering alternatives. Efforts in this regard should

be aligned with the expressed needs filtering through from the halal forums and industry in general.

- iv. The halal **export-promotion activities should be continually supported** beyond Khulisa Agri Processing, given the success of these efforts. However, it is important that there is a mechanism to feedback on how the trade declarations translate into actual increases in exports and thus contribute to GVA.
6. We recommend the following for the **wine and brandy strategic intent**:
 - i. **Export-promotion support should continue** to be offered to the wine industry. However, it is imperative that support is offered in a manner that avoids potential duplication of efforts, allowing the most appropriate organisation to undertake promotional activities.
 - ii. Given our findings, **the merits of supporting both WESGRO and Wines of South Africa (WOSA) should be carefully reviewed**, and consideration given to the potential inefficiencies of this current model.
 - iii. The brandy strategy entails a very limited component of the strategic intent. Efforts to support **the geographical identity (GI) process should be limited to addressing clear constraints expressed** that are within the mandate of DOA.
 7. We recommend the following for the increased **local production capacity strategic intent**:
 - i. Given the heterogeneity of initiatives, the overall **theory of change and targets for this initiative should be carefully interrogated** with a view to making the contribution of the initiatives more explicit and refining the activities.
 - ii. Efforts to **operationalise the residue-testing facility** should be prioritised.
 8. The skills initiatives which traversed the project, while critically important to the success of each of the SIs, have lacked clarity and specificity in terms of actual activities. We therefore recommend that **the skills programme, going forward, be fully integrated into the planning and project management** processes of Khulisa Agri Processing.
 9. It is evident from the evaluation that in spite of developing a common definition of the 'boundaries' of agri processing, a lack of clarity amongst officials at DEDAT and DOA remains. Given that DOA will institutionalise its agri processing function, it is imperative that there is **sufficient inter-departmental alignment between DOA and DEDAT regarding roles and responsibilities** to ensure that the sector is supported seamlessly and duplication is avoided.
 10. We recommend that future Khulisa programmes implement a more deliberate and specific **results-based monitoring system** that includes specific indicators that monitor progress against targets for projects, activities and outputs. An example of the type of indicators to be monitored is presented in the theory of change and logical framework for the current evaluation.

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Glossary of Terms

Agri-Mancom	Agri processing Management Committee
CASP	Comprehensive Agriculture Support Programme
CRTF	Chemical-Residue Testing Facility
DAC	Development Assistance Committee
DOA	Western Cape Department of Agriculture
DEDAT	Western Cape Department of Economic Development and Tourism
DPME	Department of Monitoring and Evaluation
DWS	Department of Water and Sanitation
ESC	Evaluation Steering Committee
FSD	Farmer Support and Development
GI	Geographical Identity
GDP	Gross Domestic Product
GVA	Gross Value Add
HIP	Halal Industrial Park
IPAP	Industry Policy Action Plan
MTSF	Medium-Term Strategic Framework MTSF
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development
PDI	Previously disadvantaged individual
SMME	Small, Medium and Micro-sized Enterprises
SABF	South African Brandy Foundation
SI	Strategic Intent
TAF	Technical Advisory Forum
TOC	Theory of Change
ToR	Terms of Reference
US	University of Stellenbosch
VC	Value Chain
WC	Western Cape
WCG	Western Cape Government
WCFFI	Western Cape Fine Foods Initiative
WCHIIT	Western Cape Halal Industry Inter-Governmental Task Team
WISP	Western Cape Industrial Symbiosis Plan
WOSA	Wines of South Africa

1. Introduction

Accelerating economic growth and job creation remain critical imperatives for South Africa and, confronted with widespread and persistent exclusion and unemployment, policymakers at national and provincial level have set their eyes on a trajectory of faster and more inclusive GDP growth. In 2015, the Western Cape Government (WCG) began developing and implementing initiatives and interventions to create opportunities for economic growth and employment creation. One such intervention was Project Khulisa¹, an ambitious five-year partnership between government and the private sector which utilised extensive research and intensive consultations to identify key sectors and design game-changing interventions. The WCG undertook a comprehensive top-down analysis of the Western Cape economy and, based on this analysis and extensive research, selected three sectors to be included in Project Khulisa; tourism, oil and gas, and agri processing, each of which were further developed into respective projects, one of which is Project Khulisa Agri Processing.

Three years into the implementation, the WCG has called for an evaluation of Project Khulisa Agri Processing. Blue North Sustainability, in collaboration with DNA Economics, was appointed to undertake this evaluation for the WCG from May to November 2018. This report is the main summary report of the project evaluation. The comprehensive evaluation report is attached as an annexure.

1.1 Evaluation purpose

The purpose of the evaluation was to assess the Khulisa Agri Processing project in terms of the following: **design** (was the intervention in theory designed in a robust manner and was appropriate and fit-for-purpose); **implementation** (focusing on the actual delivery process of the project, and exploring the suitability and assumptions made in the theory of change for the project); and **emerging impact** (focusing on effectiveness, and current and expected project achievements in relation to intended objectives and outcomes). The purpose of the evaluation was furthermore to produce **10 key recommendations** for the three strategic intents of project Khulisa Agri Processing.

2. Khulisa Agri Processing: Background and development

2.1 Rationale

Project Khulisa was established to address three concerns for the Western Cape government:

- A slowdown in South Africa's (and the Western Cape's) growth and exports since 2008, due to a range of global and domestic factors. The domestic factors included increasing industrial action, constraints related to the electricity and transport infrastructure, skills shortages, labour-market rigidities, and low savings and investment.
- Low levels of job creation, exacerbated by the economic slowdown. In 2008, unemployment in South Africa had risen to more than 25%, and in 2014, more than a third of the national labour force was either out of work or had stopped searching for work. Job opportunities created in more recent years

¹ Translated as Project "Cause to Grow" in English.

have been concentrated in services, while the primary sectors of agriculture, manufacturing and mining have shed workers. As a result, the total jobs created have fallen far short of the growing labour supply.

- Growth has been experienced mainly in sectors that had lower labour-absorption rates, with declining contributions by primary and secondary sectors of the economy.

2.2 Development process of Project Khulisa and Khulisa Agri Processing

Project Khulisa was developed using an intensive design process in three phases to ensure that it was constructed in a way that provided the best opportunities to achieve economic growth and job creation (Figure 1). *Phase 1* identified agri processing as a priority sector, based on a top-down economic model underpinned by Gross Domestic Product (GDP) and Gross Value Add (GVA) that reviewed the historical performance of 22 sectors. Agri processing was identified as a high-growth sector with the potential to scale (based on the sector's performance and contribution), suggesting that under a high-growth scenario, the sector's GVA contribution could increase by 126%, from R12 (in 2014) to R26 billion in 2019, and it could add a further 100,000 formal jobs. Several key challenges that constrain the agri processing potential of the Western Cape were identified, namely: barriers to market access; access to water and electricity; weak logistics, poor infrastructure and exchange-rate limitations for new technologies; low levels of skills and high salary costs; a weak regulatory framework; and a challenging business environment for small, medium and micro-sized enterprises (SMMEs) in the sector (McKinsey, 2014).

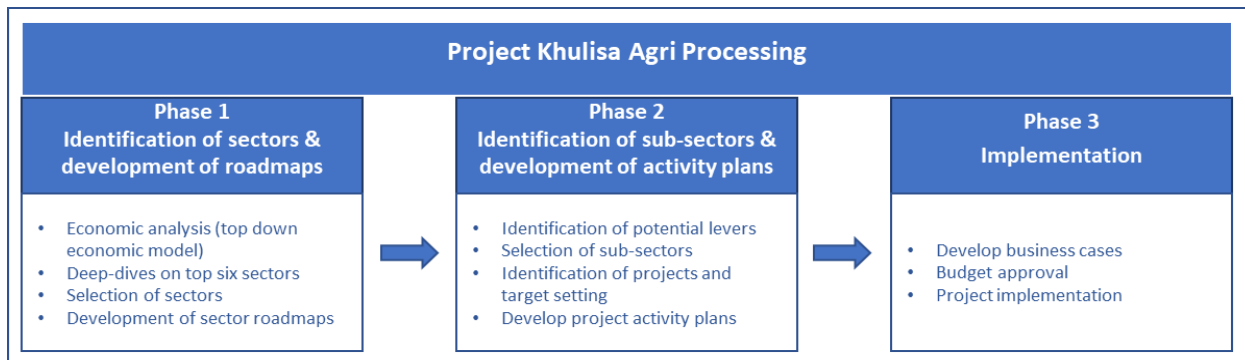


Figure 1: The three design phases of Project Khulisa Agri Processing

Phase 2 unpacked the potential of the agri processing sector by identifying key action areas and priority levers and recognising the sub-sectors and industries with the highest growth and job-creation potential. This research set the foundation for the design of projects and interventions to be implemented at sub-sector level. An exercise was undertaken to analyse and prioritise 14 priority levers in the agri-processing sector which could be used either as direct or enabling interventions in the pursuit of the project objectives. Each of the levers was workshopped in a comprehensive consultative process attended by a broad stakeholder group (including government (national and provincial), industry, industry bodies and the private sector). Following this, a sub-sectoral deep-dive was undertaken, where 69 sub-sectors were analysed using a three-dimensional matrix consisting of the value of production growth, employment growth, and the value of production. The 'deep-dive' identified 10 priority sub-sectors, and following further stakeholder engagement, analysis, and internal review, three strategic intents (SIs) were finally selected as outlined in *Figure 2*. The three SIs are the strategic

focus of Project Khulisa Agri Processing. The WCG defined objectives, identified key projects and initiatives, and developed implementation plans for each of them.

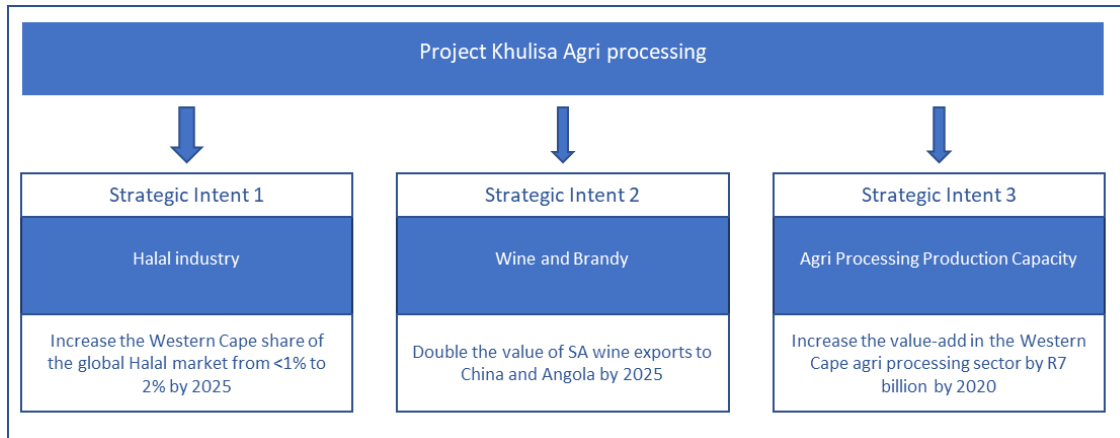


Figure 2: Structure of Project Khulisa Agri Processing strategic intents and goals

Source: (WC Dept of Agriculture; WC Department of Economic Development and Tourism, 2016).

3. Evaluation methodology

Project Khulisa Agri Processing involves multiple stakeholders working on different aspects of the project. Michael Patton’s utilisation-focused evaluation theory was used for this evaluation (Patton, 2008). Figure 3 outlines the main steps taken in this evaluation.

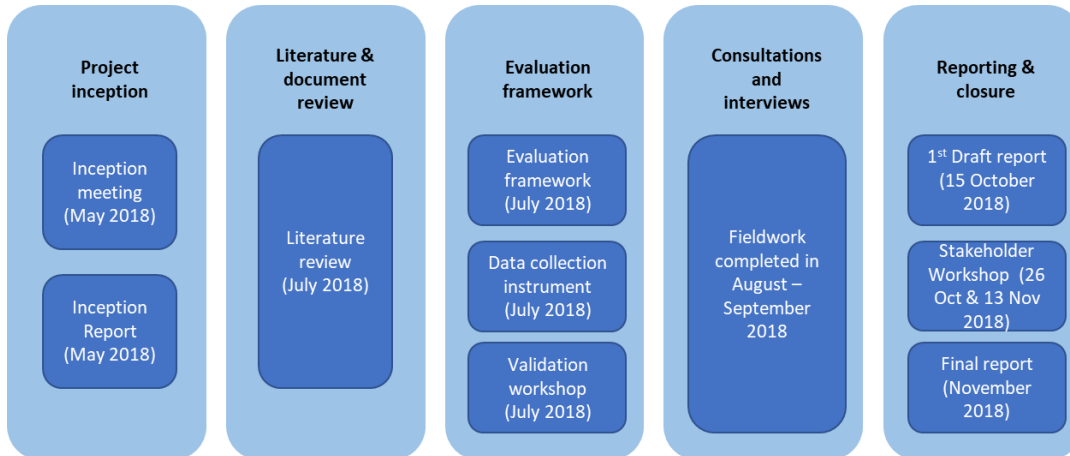


Figure 3 Khulisa Agri Processing evaluation stages

The evaluation started with an **inception meeting and report** to clarify the scope of the evaluation, the role of the evaluation steering committee (ESC) and the execution of the evaluation. In order for an evaluation to yield findings and recommendations that are useful and appropriate to the complexity of the intervention, the evaluation team began by gaining an in-depth understanding of Project Khulisa. This was done by collecting and synthesising evidence on the intervention through a **literature and document review**. The evaluation framework, informed by the literature review, contained five evaluative criteria against which the findings of this study were assessed. For evaluations conducted under the auspices of the National Evaluation Framework,

the Department of Monitoring and Evaluation (DPME) recommends using the standard Organisation for Economic Co-operation and Development- Development Assistance Committee (OECD-DAC) criteria (Organisation for Economic Co-operation and Development, 2017).

- **Relevance and appropriateness** refers to the extent to which the intervention is aligned to the country's needs and priorities, and is an appropriate response to the specific problems identified.
- **Efficiency** is a measure of how economically resources and inputs have been used and if the intervention has delivered value for money.
- **Effectiveness** assesses the extent to which the intervention has achieved its intended objectives and outcomes.
- **Value for money** assesses how cost effective the project is.
- **Sustainability** measures the extent to which the project has created positive effects that will continue beyond the end of the project.

The evaluation assessed the elements above using the questions summarised in a detailed evaluation question matrix. The evaluation questions built on those set out in the Terms of Reference and were approved by the ESC during the inception phase.

3.1 Consultations, interviews and group discussions

To ensure that the evaluation encompassed and considered the views of a sufficiently wide range of stakeholders on Project Khulisa, the evaluation methodology included conducting individual, semi-structured interviews and group interviews. Table 1 summarises the number of consultations/interviews conducted. In general, the evaluation team experienced very good cooperation from all these stakeholders and benefitted tremendously from the insights provided during these interviews.

Table 1 Stakeholder engagements undertaken in the evaluation

Type of stakeholder	Number of interviews
Ministry of Agriculture, Economic Development and Tourism (Provincial Cabinet, WCG)	2
Department of Agriculture – Policy, strategy and implementers	11
Department of Economic Development and Tourism (DEDAT): Policy, strategy and implementers	8
Other national & provincial departments & state organs	3
Organised agriculture in the Western Cape	3
Industry organisations	6
End-user companies	2
Academic and research organizations	2
Total	37

3.2 Limitations to the evaluation

In the original methodology of the evaluation, the evaluation team proposed undertaking either an econometric analysis or partial equilibrium analysis of Project Khulisa Agri Processing in order to better understand the impact of the programme. However, the use of such techniques is highly dependent on the data available. Engagement with various stakeholders in the Khulisa programme highlighted limited data availability at both the macroeconomic level and at project/ intervention level. As a result, the proposed impact analysis could not be completed due to:

- Absence of baseline information: Limited to no baseline information for each intervention area was collected, hence there was limited clarity on what each intervention area looked like prior to the implementation of Project Khulisa.
- Availability of relevant programme-level data: without programme/intervention-level data, it is not possible to directly attribute changes in macroeconomic data to the specific interventions at the project level.
- Project nature of interventions: For Project Khulisa each initiative is undertaken at a point in time that is not necessarily related to other initiatives within the broader programme. The lack of a well-defined structural break makes it hard to attribute changes in macroeconomic data to any individual project or Project Khulisa as a whole.
- Type of interventions undertaken: Many Khulisa initiatives undertaken were institutional in nature. For such institutional interventions, programme-level data is a necessity in order to understand the impact of each initiative. Further, some interventions may only be able to be evaluated from a qualitative perspective. This may apply, for example, when attempting to understand the impact that the establishment of governance structures in the halal industry has had.

4. Key findings: Khulisa Agri Processing design

This section presents our key findings and considerations regarding the design of Khulisa Agri Processing. The analysis focuses on design relevance and appropriateness, responding to the following evaluation question:

EQ 1: To what extent does the design of the project enable the achievement of its intended objectives

4.1 Relevance

EQ 1.1. Were the problems that Project Khulisa Agri Processing aimed to address clearly defined?

The evaluation finds the rationale for the establishment of Khulisa Agri Processing to be clear. Khulisa Agri Processing was developed as a response to clearly defined challenges of inadequate economic growth and rapidly increasing levels of unemployment. The objectives of Khulisa Agri Processing furthermore align well with national and provincial government's policy aspirations and priorities: job creation is central to the National Development Plan (NDP). The Medium-Term Strategic Framework (MTSF) for 2014 to 2019, the national implementation framework for the NDP, identified the following relevant targets for 2019: to ensure inclusive growth and job creation; GDP to grow from the current 1.8% to 5%; and, reduce the unemployment rate from the current 25% to 14%. Government formulated 14 individual outcomes in the MTSF, three of which are directly

addressed in Khulisa Agri Processing. Khulisa Agri Processing is furthermore strongly aligned to the New Growth Plan Framework (NGP), the Industry Policy Action Plan (IPAP), and at a provincial level, the Western Cape Provincial Strategic Plan (PSP) and the WC Department of Agriculture's strategic goals.

4.2 Appropriateness

EQ 1.2: Is the design of Khulisa Agri Processing appropriate to address the problems identified?

The selection of Agri Processing as a priority sector

The analytics done by McKinsey, which formed the basis of the selection of agri processing, demonstrated that the sector held considerable potential for economic growth and job creation, although it was beyond the evaluation scope to quantitatively assess the analytics undertaken by McKinsey. Interviews revealed a strong stakeholder appreciation that the McKinsey process had selected agri processing, particularly given that many economic development programmes tend to shift focus away from agriculture and agri processing. A generally strong sentiment, and concern, expressed in interviews, was that from the outset of the project, the targets set were particularly ambitious. The targets were intended to be aspirational, however, concern was expressed that these targets became concrete targets within the frameworks of the respective departments.

The selection of the three strategic intents

The results of the analytical deep dive and stakeholder engagement clearly formed the basis for the decision-making process at the workshops. It is evident that the process employed in the design phase attempted to be true to the game-changer discourse theory, with the point of the process being to prioritise, select and deselect, focusing on which levers/sub-sectors could provide greatest benefit. However, the design workshop process was reported as challenging, and deciding upon the correct approach regarding the desired combination of the 14 levers and ten sub-sectors was not easy. Final decisions made during the workshops were also influenced by other factors, including: preference for certain ongoing/existing projects and activities within the two departments, what other game changers were covering (e.g. skills and energy), and other departmental priorities such as the transformation agenda. Therefore, the complete execution of the "game-changer" discourse, in our view, became somewhat diluted by the differing priorities of stakeholders.

At the design stage, it is apparent that the halal and wine SIs held potential for economic growth and thus were an appropriate opportunity for economic development in the Western Cape. The third SI to improve local production capacity consisted of a variety of initiatives directed at addressing enablers to enhance value add within the agri processing sector. From a design perspective, wine and halal essentially focused directly on growing specific sectors, whilst the third was more an approach to support the sector in general, to protect existing jobs and ensure continued market access.

Transformation was clearly an important issue influencing the design, however, the transversal inclusion of the commodity approach – a programme in its own right – requires reflection. The commodity approach seeks to address constraints and challenges in the primary production sector; hence it falls under Farmer Support and Development (FSD) at the DOA. It is therefore not strongly linked programmatically to the other initiatives. This is highlighted by the budget of the commodity approach, which constitutes more than 75% of the total project budget at the design phase.

The design process for the three strategic intents

Halal did not feature in the 'deep-dive' analysis, nor in the analytical process regarding priority levers. Despite this, the primary overarching barriers constraining growth as well as the opportunities in the halal sector in the WC were correctly identified during design, although the extent of demand for the Halal Industrial Park (HIP) was not clear in the design phase. To account for this the design included HIP feasibility studies. A key oversight made in the design phase which had relevance for project execution was the assumption that the halal community and sector in the WC was aligned to the government's intentions. We appreciate that the Khulisa team made this assumption due to the involvement of the Western Cape Fine Foods Initiative (WCFFI) in the design process, where this issue was explicitly addressed. However, this assumed alignment was unfortunately not the case in reality, and this had negative implications for the initial implementation phase.

The **wine and brandy** sub-sectors were included for two main reasons: (i) they featured strongly in the deep-dive as an opportunity (particularly wine); and, (ii) the Khulisa strategy could dovetail with the strategic process of the wine industry (WISE). The alignment with the WISE process for identification of constraints and opportunities, coupled with the deep-dive analysis meant that the problems in the wine sector were very clearly defined. The SI focused on China and Angola, which was well justified and documented (for wine primarily). The brandy challenge was clear, although the feasibility of the opportunity was less so, and the opportunities in regard to the development and promotion of GI brandy were perhaps overestimated. The inclusion of brandy in the target of increased exports was not based on a clear opportunity/demand in Angola and China. Its inclusion in the target of this strategic intent thus creates ambiguity as, according to our interviews, the overseas promotion of brandy is not one of the South African Brandy Foundation (SABF) objectives – raising the question of why it was included.

The third strategic intent is directed at increasing local production capacity to process and add value to the province's agricultural products. The analysis finds that the identified barriers limiting local production capacity consisted of an array of broad challenges (e.g. skills, agri parks). However, some initiatives lacked detailed plans and a clear indication of the scale or prioritisation of the problems faced, and how the specific initiative would contribute to the objectives of the SI. It is not relevant to perceive this SI in terms of clearly defined opportunity, but rather as addressing constraints and thereby ensuring continued opportunity in related sub-sectors and thus protecting jobs. It is difficult to clearly identify the direct opportunity for economic growth within this SI. The target in the design phase of a R7 billion in value add by 2020 is attractive, however, it is not clear how this value was determined.

5. Key Findings: Efficiency of Khulisa Agri Processing implementation

Typical approaches to efficiency analysis examine how an intervention is organised and delivered, and compares this information with what was achieved. This section provides an analysis of the institutional design, a status and analysis of implementation at the initiative level within each SI and an assessment of project budget versus expenditure. The section answers the following evaluation question from the Terms of Reference.

EQ2: To what extent has the implementation of Project Khulisa Agri-processing been efficient?

5.1 Institutional arrangements and project governance

The institutional framework governing the design, implementing and oversight of Project Khulisa is presented in Figure 4. The framework was extensive and included a broad range of stakeholders. Implementation responsibility of activities during the project was divided between primarily DOA and DEDAT, but also included entities such as WCFFI, Wesgro, WOSA, and the SABF. The coordination function was undertaken by DOA. The design of Khulisa was based on the assumption that the majority of planned activities could be achieved using existing institutional capacity, although the design identified the need for a Director of Agri Processing (at DOA), who would work closely with the Ministry of Economic Opportunities to drive and coordinate Khulisa agri processing initiatives in the WCG. The appointment of the new Director is still outstanding, as is the appointment of four extra agricultural economists. This means that the implementation responsibility has fallen on other staff at DOA, potentially straining the capacity of the department and affecting the personnel's other functions. However, project management was found to be comprehensive, and the coordination of activities was generally undertaken efficiently, particularly considering the complexities and challenges inherent to implementing initiatives across the project's scope and scale.

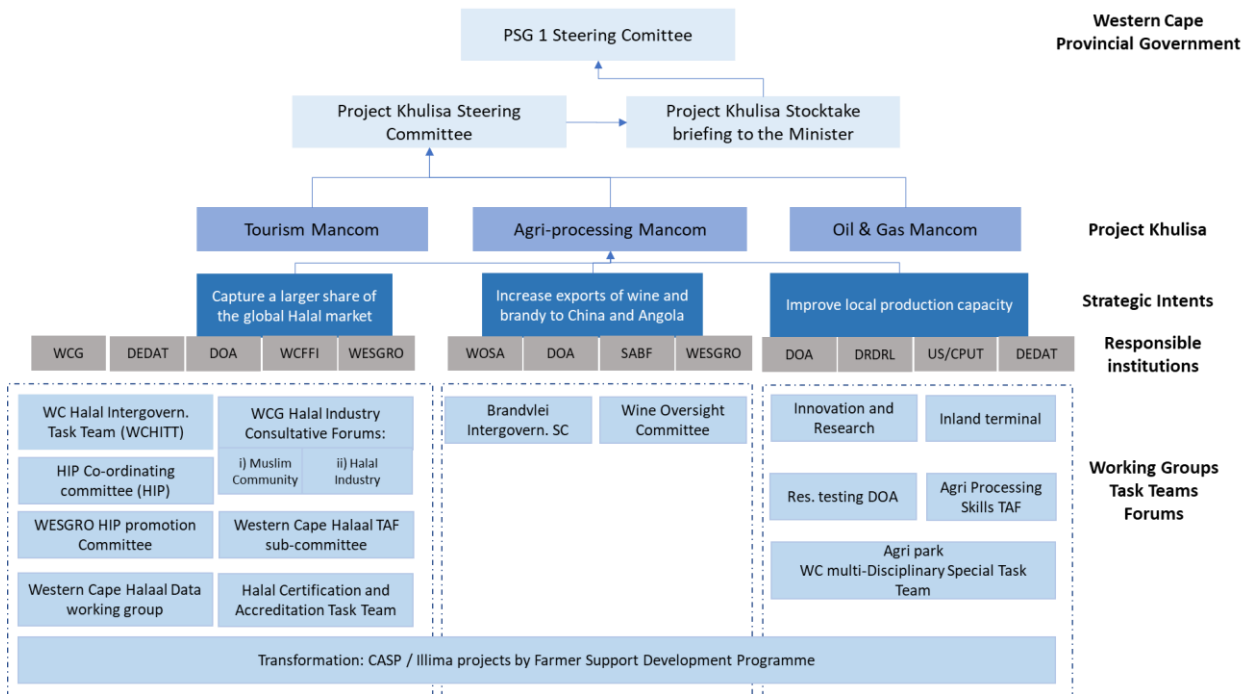


Figure 4 The institutional framework governing project Khulisa Agri Processing

The evaluation found a misalignment between DEDAT and DOA officials in the interpretation of the agri processing system boundary. Given that both DOA and DEDAT will be operating increasingly in the agri processing space, or transition zone, it is important to revisit the common understanding of what agri processing refers to in order to ensure alignment of support areas, identify synergies and avoid duplication of efforts.

It is evident that the Khulisa game-changing philosophy, involving multiple actors across government as well as sectoral partners, represents a move away from a traditional programmatic approach, and thus demands a more agile and adaptive governance structure than traditional programmes. The governance structure recognised this need, and the project demonstrated examples of adaptive management, although within the project framework.

5.2 Strategic Intent Implementation

Strategic intent 1

For halal, coordination of activities was the responsibility of DEDAT, although DOA became increasingly involved as the project progressed. The SI had a large number of forums and working groups to coordinate activities, as evident in Figure 4. Some of these groups, particularly the governance structures and consultative forums, were large which limits the speed of execution as decision making is slow. There was a particularly strong reliance on the WCFFI for implementation of core Khulisa halal activities – however, WCFFI retracted their role in Khulisa early in the project to instead become a service provider. WCFFI was listed as an ‘institution’ in this regard, although they actually were not an institution (which allows for accountability, amongst other things). Although DEDAT was responsible for the SI, the central implementation role given to WCFFI for the execution of key initiatives is problematic, and probably contributed to the delays experienced. Given this, coupled with lack of community engagement in the design stage, the SI was under-capacitated for implementation. This was remedied through the inclusion of a halal-resource person at DEDAT. The addition of the halal-resources to the project added impetus to the execution of activities, in particular the planning and execution of the multiple halal stakeholder engagements that had become necessary following project implementation. The extent of the engagements required to gain the backing of the Muslim community was considerable.

Part of the challenges related to implementation of this SI are also related to its design. The limited detailed analysis of the halal sector in the design phase had strong reverberations on the execution of the specific initiatives within SI1. The lack of a deep interrogation of the sector and its needs meant that some of the initiatives were more complex than envisaged, and this has made their execution very challenging.

Strategic intent 2

The wine SI is overseen by DOA, with WOSA and SABF as central partners, whilst WESGRO entered the SI after implementation. Findings indicate that the inclusion of WESGRO caused an initial lack of clarity regarding responsibilities and roles between WOSA and WESGRO. WOSA's inclusion in Khulisa emanated from their deep involvement in the design phase, and the SI was aligned to their ongoing promotional work in China and Angola. WESGRO's late inclusion demanded a re-delineation of roles. The institutional structuring of the arrangements was challenging and this also cascaded to the reporting mechanisms, which were unclear from the outset. The collaboration was clarified through a joint marketing agreement, and although the roles and responsibilities were ultimately clarified in business plans, interview results indicate that there may still be a perceived duplication of efforts.

Regarding brandy, it is not clear whether this initiative will be realised given the extensive delays and lack of consensus in the industry about the GI name. Furthermore, our findings indicate a contrasting view from SABF

in terms of their strategy for export promotion. It is therefore not clear why brandy was included as part of the target of this SI.

The Brandvlei Project was overseen by a large intergovernmental working group, led by DOA. Given the large number of stakeholders in the working group, including national government, progress was challenging, but steady, and the working group has recently acquired approval for the raising of the canal. Our analysis suggests that the logic of the inclusion of the commodity approach is not clear - it is an independent programme under FSD, and deals primarily with farmers and primary production. The programme has a sizeable budget, which dominates and, given the linkage to agri processing, inflates the overall budget.

Strategic intent 3

Coordination was undertaken at the project/initiative level – our interviews show that SI3 was not viewed as a coherent intent, respondents viewing it more as a suite of specific interventions, termed a 'catch-all' SI. Findings indicate that some initiatives have been implemented as planned (database of products, commodity approach); some have experienced delays for various reasons beyond the project's control (e.g. the residue-testing facility, skills); and, some have been put on hold or removed from the project (inland terminal and agri parks). Coordination, and the roles and responsibilities of the skills component have, based on our interviews, been challenging from the outset. The activities for the skills initiative were not clearly formulated at the design phase as it was not clear at that stage what the skills needs were.

5.3 Khulisa Agri Processing project monitoring and evaluation

Discussions with stakeholders indicate that, at the outset, a conscious decision was taken to implement a "light" approach to monitoring and evaluation, given limited human resource and financial capacity. As a result, rather than undertaking a comprehensive approach to collecting data across activities, outputs and outcomes, Khulisa Agri Processing has focused on the use of a high-level periodic stock take. The stock-take document has been routinely used as the project dashboard to monitor progress. The stock take monitors: jobs in the WC agri-processing and support sector, GVA in agri processing, wine exports to China and Angola (volume, not value), and progress and status towards achievement of outputs at the activity level using a traffic-light system. While, at an aggregate level, this provides a broad overview of the sector's progress, it limits the ability to quantitatively assess the effectiveness of Khulisa Agri Processing. In particular:

- There is an absence of specific indicators that monitor progress against targets for projects, activities and outputs, beyond the traffic-light system. The traffic-light system focused on the achievement of outputs, but did not report beyond this, for example in terms of contribution to the respective targets (value or jobs created) – hence the ability to measure project success at the outcome level was compromised.
- No baseline data for activities, outputs or outcomes were collected during the initial stages of Khulisa Agri Processing's implementation.

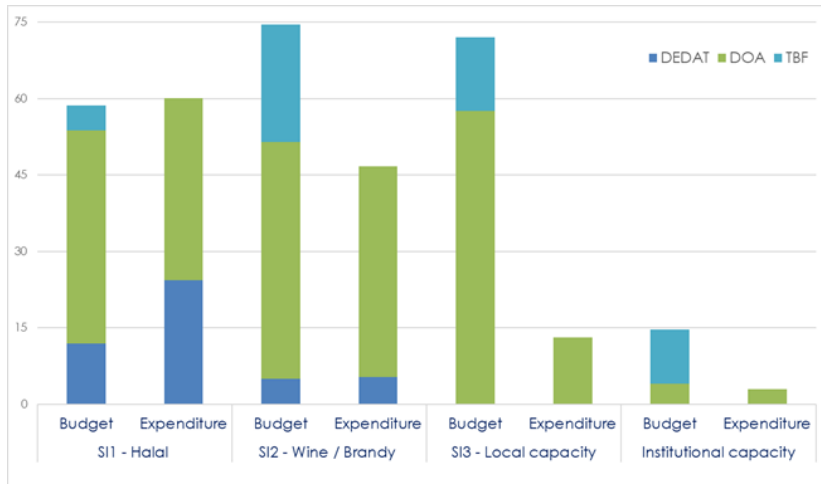


Figure 5 Budgeted vs. actual expenditure in Project Khulisa Agri Processing (R million)²

5.4 Khulisa Agri Processing budget versus expenditure

The overall **budget** for Khulisa Agri Processing was R220 million, with just under 25% “to be found”. The analysis finds that, in general most initiatives were adequately budgeted, although it is notable that a large proportion of the budget in each SI emanated from the commodity approach, which is a programme outside of Khulisa Agri Processing funded by CASP. A summary of the overall **expenditure** (to date)³ against the initial budget is provided in **Figure 5**. Overall expenditure up to the 2018/19 financial year remains below the budgeted amount for the **total project**. However, actual expenditure varies significantly across the SIs, in comparison to the budgeted amount for each intent. Regarding expenditure for **strategic intent 1**, the initial budget allocated by DOA and DEDAT has been exceeded, while some outputs are yet to be completed. For **strategic intent 2** the combined DOA and DEDAT expenditure to date is close to the initial budget and many of the outputs have been completed. For **strategic intent 3**, expenditure to date is well below the budgeted amount, primarily due to underspending by the DOA. This may be attributed to reprioritisation of the budget, for example due to the drought.

6. Key findings: Effectiveness and emerging impact

Khulisa Agri Processing is an ongoing project, and project achievements are therefore assessed based on their status at the time of the evaluation. Given this, most achievements are expected either at the output or immediate outcome level, as intermediate and long-term outcomes are typically realised over longer time frames. This section therefore also includes an assessment and discussion of areas of emerging impact. The

² TBF = the amount that was budgeted as “To Be Found” in the project’s planning documentation. Expenditure data provided by DOA, expenditure lines collated by the project team. Expenditure data reflects expenditure between 2015/16 and 2018/19 (partial for 2018/19 to date).

³ Expenditure is for the financial years 2015/16 to 2018/19. Expenditure for the 2018/19 financial year is partial, and does not reflect full-year expenditure.

section further identifies and discusses areas of *expected* longer-term outcome achievement and emerging impacts across the programme's three SIs, and identifies which initiatives are expected to remain key in contributing to the aspirational targets of the three SIs and the objectives of Khulisa Agri Processing. The section responds to the following evaluation question.

EQ3: To what extent has the project been effective in achieving its intended objectives?

6.1 Strategic intent 1: Capture a larger share of the global halal market

Table 2 presents an overview of initiative status and current achievements for SI 1. The assessment identifies the following initiatives of Khulisa Agri Processing which either are currently contributing or expected to be important contributors to the achievement of the SI's and project's objectives:

Export promotion of halal products: As of May 2018, the halal export-promotion initiative has generated signed trade declarations to a reported value of R2.65 billion⁴. The export-promotion activities are thus envisaged to contribute strongly towards the halal SI goal.

Halal governance and data: Notwithstanding the challenges related to establishing the Halal consultative forums, the sector now has the institutional structures in place to coordinate and drive the development of the halal industry and monitor progress through the data initiative. Halal governance structures were identified as key enablers to drive the sector forward and, although the value of the establishment of these structures is currently difficult to accurately quantify, they are viewed as imperative for the aspirations and success of the Western Cape halal sector into the future.

Halal certification: Although the way forward for this initiative is currently being clarified, addressing halal certification has been identified by the halal value-chain analysis (Kaiser EDP, 2016) and the evaluation literature review as key to ensuring market access for producer and agri processing businesses. Should the halal-certification initiative achieve its envisaged outcome, it is expected to have a valuable and lasting impact on the halal sector in South Africa. However, given the complexity of the certification landscape in South Africa and Internationally, it is expected that this initiative will extend beyond the time line of Khulisa.

The objective of the halal strategic intent is to "Increase the Western Cape's share of the global Halal market from <1% to 2% by 2025, or at least double the current share by 2020". The baseline value for halal-relevant products in the Western Cape Province was calculated at R9.3 billion in 2015, and had increased by R900-million to R10.2 billion in 2017. Although Khulisa interventions have probably contributed to this value, the extent of the contribution to this increase is difficult to quantify with the analysis indicating that the halal export-promotion strategy is currently the most important initiative contributing towards this.

⁴ Value is based on declarations, and not actual traded goods.

Table 2 Assessment of achievement of output and outcomes for Strategic Intent 1

Initiative	Status	Output achieved?	If yes, current outcome contribution
1.1 Establish appropriate governance structures in the halal industry	<ul style="list-style-type: none"> - WCHIIT established and operationalised - Two halal consultative Forums established and operationalised 	Yes: Governance structures established and operational	- Halal governance structures operational currently contributing towards improved governance in the sector laying the foundation for improved development outcomes in the halal sector
1.2 Establish a halal certification standard	<ul style="list-style-type: none"> - Halal certification standards reviewed - Draft certification studies with roadmap for halal certification 	In process: - Study at draft stage, provides deep analysis of halal certification in SA and proposal for way forward	Output in process
1.3 Establish a halal processing hub	<ul style="list-style-type: none"> - Two feasibility studies completed - Three investor prospectuses developed - Promotion for investors activities underway 	In process: - Private-sector investors are currently being sought, hence output not yet achieved	Output in process
1.4 Promote SA halal products in key markets	<ul style="list-style-type: none"> - Market intelligence informed strategy development - Implementation plan developed - Inward and outward trade and buying missions undertaken and ongoing 	Yes: promotion strategy developed and implemented	- Promotional activities ongoing: trade declarations to the value of R2.65 billion signed (as of June 2018), contributing to WC being positioned as a key halal supplier
1.5 Provide SMME and previously disadvantaged individuals (PDI) access to the value chain	<ul style="list-style-type: none"> - Halal value chain analysis completed - SMME supplier development strategy developed and implemented - 44 SMMEs supported in the supplier development strategy 	<p>Yes: SMME supplier development strategy developed and implemented</p> <p>In process: PDI development strategy, which is contingent on halal certification initiative</p>	<p><u>For SMME supplier development:</u></p> <ul style="list-style-type: none"> - Value chain study and engagements contributed to deeper understanding of challenges in halal sector - SMMEs received business support, indicative increase in turnover and employment for involved businesses
1.6 Ensure skills supply meets skills demand	<ul style="list-style-type: none"> - Research project formulated - Technical Advisory Forum established to identify skills gaps - 37 block men trained 	In process: Skills demand and response contingent on the certification standard and the findings of the Technical Advisory Forum (TAF)	Output in process
1.7 Improve halal data	<ul style="list-style-type: none"> - Data working group established - Halal baseline calculated - WC global share of halal exports routinely monitored 	Yes: Paucity in halal data addressed	<ul style="list-style-type: none"> - Halal data help to understand Halal exports and global market development. - Halal data used for market intelligence & to monitor aggregate performance of WC Halal Industry exports.

6.2 Strategic intent 2: Increase exports of wine and brandy to China and Angola

Table 3 presents an overview of initiative status current achievements for Strategic Intent 2. SI2 has achieved outcomes relating to export promotion activities for SA wines in China and Angola, although we note that these activities are still ongoing. The assessment identifies the following initiatives of Khulisa Agri Processing which either are currently contributing or expected to be important contributors to the achievement of the SI's and project's objectives:

Wine export-promotion activities: It is clear the Khulisa has contributed to extensive promotional activities already undertaken and in progress, in China and Angola. Whilst the institutional arrangements in this initiative may require reflection, the promotional activities have been executed according to plan, and are expected to be contributing to the expansion of markets in China and Angola for WC wine producers.

Water infrastructure and transformation: Given the identification of water as a key constraint to primary production, the effects of increased access to water and the transformation goals established in the commodity approach are expected to positively contribute over the longer term to the agricultural and agri processing sector in general.

Table 3 Overview of achievements of project outcomes for Strategic Intent 2

Initiatives	Status	Output achieved?	If yes, current outcome contribution
2.1 & 2.2 Develop and implement a campaign to promote SA wine and brandy in China (2.1) and Angola (2.2)	<ul style="list-style-type: none"> - Memorandum of Agreement developed between WOSA and WESGRO - Promotion strategy for China and Angola developed - Implementation of marketing and promotional activities 	Yes: Campaign and promotion strategy developed and implemented in China and Angola	- Promotional activities ongoing and expected to be contributing to expansion of markets for WC producers - linking of impact of promotional efforts to provincial wine exports to China and Angola challenging
2.3 Domestic promotion of high-end brandy	<ul style="list-style-type: none"> - SABF has developed their own market disruption campaign. - GI naming not yet finalised 	In process: Awaiting finalisation of GI name	Output in process
2.4 Develop appropriate irrigation infrastructure (e.g. Brandvlei)	<ul style="list-style-type: none"> - Task team established Feasibility and design work undertaken, and business plan developed 	In process: Project recently approved by the Department of Water and Sanitation (DWS)	Output in process
2.5 Facilitate transformation in the wine and brandy industries	<ul style="list-style-type: none"> - 31 projects supported, support ranged from farm input & infrastructure provision and processing equipment 	In process: The commodity approach has currently supported 31 projects toward facilitating improved market access for smallholder farmers	Output in process

The goal of Strategic Intent 2 was: "To double the value of SA wine and brandy exports to China and Angola by 2025". Project Khulisa monitors **overall export volumes** to the two countries, rather than actual value as these values are reportedly not disclosed by industry. Wine exports to China have grown considerably over the course of Project Khulisa (more than 100%), whilst Angolan exports have been strongly affected by the oil crisis there, but have experienced recent growth due to an improvement in the Angolan economy. While it is likely that Project Khulisa has contributed to the export growth realised in the targeted regions, the exact attributable contribution is difficult to quantify directly.

6.3 Strategic intent 3: Increase local production capacity

At this stage, achievements of most of the initiatives in SI3 are reflected at the output level (Table 4). The expenditure undertaken for this SI to date is far lower than the budget allocated. The assessment does identify the following key initiatives and their currently realised or expected potential achievement in Khulisa Agri Processing, which are expected to remain central in contributing to the project objectives going forward:

Chemical Residue Testing Facility: When operational, the CRTF is expected to contribute to: More effective upholding of food-safety standards; meeting of food-safety requirements for new markets (thereby supporting expansion into these markets); maintenance of market access to existing markets; and a reduction in transaction costs for exporters (tests can be performed substantially cheaper if performed in the Western Cape compared to having to do the test in other provinces or even overseas) – all of which will contribute to the goal of the SI (OABS Development, 2015).

The following initiatives are expected to contribute over the longer term:

Innovation and efficiency: Although the strategy towards using research outputs from the initiative is not yet entirely clear, the competitiveness study represents an important strategic resource and can serve as an important platform to guide future identification of cross-sectoral and sub-sectoral constraints and opportunities, which the WCG can use to assess future interventions.

Skills: Effective apprenticeship placements will contribute to improved availability of skilled workers available in the agri processing sector. Once the skills are identified through the TAF process they are expected to contribute to the sector over the long term.

Emerging farmer access: Increased PDI access is expected to contribute over the longer term to growth in the agri-processing sector in general, given that the initiative supports smallholder farmers operating in the primary production sector who are currently building their businesses.

The objective of SI3 was to "Increase the value added in the Western Cape Agri processing Sector by R7 billion by 2020". Project Khulisa Agri Processing monitors GVA of the agri processing sector at the provincial level. The baseline value of the GVA in the agri processing sector in 2015 was R21.9 billion⁵. The latest available value for this is R22.2 billion in 2016. The outcome achievement in SI3 to date has been somewhat limited, and the current direct contribution to GVA is difficult to identify.

⁵ The baseline is based on Quantec data, whilst the target is based on a GVA calculated by McKinsey.

Table 4 Overview of achievements of project outcomes for Strategic Intent 3

Initiatives	Status	Output achieved?	If yes, current outcome contribution
3.1 Develop a database of products which can be produced in the WC	- Studies undertaken and reviewed - Database of products available on WC DOA website	Yes: Database developed and disseminated	- Information disseminated to producers, but not clear to what extent the information has been utilised and translated into increased production of alternative products
3.2 Build residue and quality testing facilities	- Infrastructure procured and installed	In process: Commissioning of facility pending technical staff to run facility	- Output in process
3.3 Develop an incentive package (agri parks)	- Task team established - Research undertaken and business plans developed	No: The agri-park initiative was removed from Project Khulisa	- Removed from the project
3.4 Innovate and gain efficiency in agri processing	- Printing of 'Start your own business' booklet - Western Cape Industrial Symbiosis Plan (WISP) programme dissemination and alternate crops fund; - Compiled index of pilot plants - Pilot plant and competitiveness study	Yes: Diverse array of research and innovation activities completed	- Outputs may, over time, indirectly contribute toward outcomes of increase innovation and efficiency, although ascertaining the effect of the outputs is challenging
3.5 Construct sterilisation/product consolidation facility	- Feasibility study undertaken and assessed	No: Feasibility study found no current demand for facility, hence initiative paused	- Stop decision made
3.6 Build skills required by agri-processing sector	- Placement of 250 apprentices - Development of a guiding document by the TAF	In process: Apprentices placed, activities to identify skills needs underway	- Apprenticeship placement expected to contribute to outcome of addressing skills gap. - TAF activities underway, hence limited outcome achievement to date
3.7 Provide access for emerging farmers	- 31 projects supported, type of support ranged from farm input and infrastructure provision and processing equipment	In process: The commodity approach still under implementation has supported 31 projects	Output in process

6.4 Project contribution to GVA, employment and transformation

The overarching goals set by project Khulisa were to: "Grow agri processing GVA from R12 billion⁵ to R26 billion, and grow agri-processing jobs from 79000 to 179000". Khulisa Agri Processing monitors jobs in the Western Cape agri processing sector using data from the labour-force survey through two measures: agri processing jobs

(2016 Q1 baseline 111 465 jobs) and agri processing support jobs (2016 Q1 baseline 94 815 jobs). The latest statistics from Q1 2018 were 132 188 and 103 705 jobs in agri processing and agri processing support jobs, respectively. Numbers of jobs have varied considerably over the period 2015-2018, particularly due to the impact of the protracted drought. Similarly, GVA is monitored for the agri processing sector at the provincial level: the baseline value in 2015 was R21.9 billion. As indicated above the latest available value for this is R22.2 billion in 2016. It is thus not clear where the R12 billion baseline came from.

The output and outcome-level analysis above identified specific initiatives which may be contributing to the above goal, although it was generally challenging to directly attribute longer-term outcomes and impact directly to Khulisa Agri Processing activities and initiatives. There are a diversity of variables influencing the changes in jobs and GVA in the agri processing sector at a provincial level, some of which may emanate from Khulisa. Thus, any discussion of Khulisa's role in the changes should focus rather on the project's additional contribution to the sector.

6.5 Other emerging impacts

Other unintended impacts and outcomes that have either emerged or may emerge from the project include: Khulisa is considered to have brought significant focus to departmental activities through the process of aligning activities and projects to an overarching strategy; strengthening of cross-departmental functioning, collaboration and coordination-of-effort between strongly siloed government departments and functions; the immeasurable sectoral influence of the legitimacy created by government involvement in the sector, and, institutional development and capacity building effects of the project.

7. Sustainability

This section of the report examines the sustainability of activities and outcomes of Project Khulisa Agri Processing. The section responds to the following evaluation question set out in the Terms of Reference:

EQ4: To what extent are the benefits of the project sustainable in the long term?

A recurrent theme across the analysis is that there are challenges in precisely attributing longer-term outcomes and impacts to the work undertaken under the Khulisa Agri Processing project to date. While not unexpected, given that the programme's implementation is ongoing and outcome targets were set for a longer time frame, the analysis identified the following areas of potential long-term benefit: the **halal** industry strengthening (significant progress has been made in developing a quantitative understanding of the South African and global halal industry) and deeper engagement between various halal-industry stakeholders can take place. Furthermore, should the halal-certification initiative achieve its envisaged outcome, it will have a lasting impact on the halal sector in South Africa.

The second area relates to the potential long-term benefits that may accrue to **wine and brandy exporters**. Where Khulisa Agri Processing has been a direct contributor to linking South African exporters to importers in the relevant markets, it is likely to have contributed to the development of a longer-term relationship that is beneficial for the Western Cape's wine and brandy industry. These markets, although highly strategic, are very complex and difficult to operate in or to build up the networks required to establish long-term relationships.

The third area is in terms of the development of infrastructure that has been initiated through Khulisa Agri Processing. The Brandvlei project is an example of where Khulisa has been able to leverage institutional support to overcome regulatory hurdles and ensure that the process of increasing the amount of water available to farmers remains on track. The residue-testing facility, although not yet operational, is also envisaged to have a lasting effect on the sector beyond the current project.

The fourth area is related to the skills-development initiatives, which traverse project Khulisa. The process to clearly identify skills on which to focus and develop plans to address these has been challenging. When the skills are identified, and needs addressed, the initiative has the potential to make a lasting positive impact.

The fifth area is in terms of supplier development: PDI support through the commodity approach and SMME promotion in the halal SI. For both these initiatives, project activities will contribute to equipping emerging farmers and SMME businesses for viability and success into the future.

8. Key findings across the analysis

In this section, we present a synthesis of the findings and a general discussion and reflection on key issues that have arisen in the analysis, and which highlight what has worked, why it has worked and what can be taken forward from the project.

8.1 The Khulisa approach

The overall approach used by Khulisa is novel (in South Africa), focusing on prioritising key sectors and sub-sectors that could unleash the greatest growth potential and employment creation. Inherent to this was the idea of identifying sectoral opportunities and key constraints limiting the sector, with government's role to be an enabler for growth. Internationally, this approach has been utilised by the Canadian government, as well as in the USA, UK, New Zealand, Australia, whilst the priority-sector focus has previously been successfully used in the Asian tiger economies (Canadian Economic Advisory Council, 2017). Specific features that have characterised this approach and learnings from Khulisa Agri Processing are highlighted below:

Sectoral focus

Whilst government is generally expected to first and foremost adopt policies that enable the overall economy to succeed, these policies typically take effect within sectors. A sectoral focus allows sectors to benefit from an additional policy focus and tailoring aimed at removing specific obstacles. The Canadian example (Canadian Economic Advisory Council, 2017) focused on the agri sector, identifying opportunities for action in different sub-sectors (oilseed and pulse, aquaculture and dairy), but assumed a broad sectoral approach. Khulisa utilised this approach to identify key sectors for policy/strategy focus and prioritised the identification of constraints and opportunities within these sectors for action. Identifying key constraints across the sector (14 levers) as well as within priority sub-sectors – with a view to ensuring *focus* and *prioritisation* – served as a valuable foundation to informing project design. The Khulisa approach was furthermore supplementary, not intended to replace the work of the departments, but rather to facilitate an enabling approach.

Private-sector collaboration

Government and the private sector can collaborate effectively to identify, within a sector, which obstacles *can*, and which barriers *should be* overcome. Private sector's involvement is key as it is best placed to identify

the genuine obstacles to growth, whilst government is best placed to determine whether addressing a constraint is in the public interest. Khulisa Agri Processing undertook comprehensive stakeholder engagements to identify and weight key constraints and opportunities – both cross-sectoral and specific to priority sub-sectors. Prioritisation was based on sectoral analytics, private-sector input as well as the government's policy priorities. This approach served the project design well, with broad private-sector consultation undertaken in the design phase.

Galvanise the sector around a growth agenda

The philosophy of the Khulisa approach is to identify bold sectoral aspirations and enact consistent policies and regulations to enable the sector's growth. Khulisa Agri Processing's goals were bold and aspirational. The degree to which the agri-processing sector was galvanised by these targets can be discussed given the narrower sub-sectoral focus employed. The question is also whether it is an explicit objective of the WCG to galvanise the agri processing sector. A challenge with bold, aspirational targets was that they became 'hard' delivery targets within the departmental frameworks.

Strategy design

The premise of the focusing approach employed was to identify high-potential sectors (agri processing) and design initiatives that could address key constraints and opportunities within the sector in question, based on private-sector feedback and sub-sector potential. Khulisa Agri Processing included existing/ongoing programmes in the SI design, which have been highlighted in the analysis (particularly the commodity approach). The objective of the WCG, through a focused approach, was to ensure they are as facilitative as possible and created an enabling environment for the sector. A challenge for this approach is an information asymmetry, with a lack of reliable feedback from some sub-sectors. The project sought to work in sub-sectors which could provide the information required to accurately identify key constraints and opportunities that would benefit from government intervention. A feedback mechanism from the private sector, regarding constraints and opportunities, would greatly enhance WCG's ability to design impactful interventions.

The project debated a lever versus sub-sector approach when applying the principles of focus and prioritisation. The approach should ultimately be informed by sectoral feedback. Ideally, identifying and addressing generic, cross-sectoral constraints would be the optimal first step, with the identification and prioritisation of sub-sectoral challenges (as has been done in the current project) as a next step undertaken on a case-by-case basis only. The degree to which existing and ongoing programmes should be included in Khulisa should ultimately be determined by whether these programmes address the key constraints and/or opportunities identified within the sector. If they do this, then the strategy will be well-aligned.

Initiative design

The specificity of the plans for each initiative within the three SIs varied. Initiatives with clear, specific plans and activities as well as clear roles for implementation reflected a well thought out strategy, which aided implementation towards efficient outcome achievement. Initiatives without clear plans demanded elaboration of actual activities along the way (for example to implement the initiatives of the skills game changer and research and innovation), and often lacked strategic clarity. Initiatives that were developed in detail from the analytical approach (deep-dive) and with private-sector engagement, provided detailed and

clear plans to address identified constraints or opportunities, thus easing the implementation planning and execution, and enhancing the contribution of the activities to the project objectives.

Implementation and project governance

Khulisa agri processing was implemented by government, agencies and private-sector bodies, and governed across departments. Collaboration across government is important for obstacle removal as well as for sharing implementation and accountability. The project established an efficient cross-departmental management structure to provide oversight, and developed task teams to manage implementation of specific initiatives. It should be recognised that assigning new tasks to officials for implementation will draw on existing capacity and this resource requirement should be acknowledged in project-governance design. It is furthermore important, for project management, that the activity/implementation plan formulated during the design phase be continually updated over the course of the project.

Khulisa Agri Processing was able to initiate a degree of adaptation in the governance and implementation, which is essential particularly when working with the (rapidly moving) private sector and seeking to address arising constraints. This demands implementation and governance structures which enable government to be agile and reflexive, yet still allow for accountability.

8.2 Khulisa Agri Processing: Project success criteria

Direct attribution of Khulisa Agri Processing activities and outputs to higher-level project objectives was challenging, as many of the initiatives are still ongoing, coupled with limited availability of baseline information (at the output level) and project output data. However, our analysis of Khulisa Agri Processing's achievement of outputs, outcomes, emerging impact and sustainability, identifies key initiatives that are either already contributing to achievement of project objectives or have significant potential to do so, presented in Table 5.

A success criterion in common with many initiatives was that there was a clearly identified constraint or opportunity, which typically was within the sphere of influence of the WCG.

Whilst Table 5 identifies key initiatives in the project, it is also valuable to review why some of the initiatives are not included in this table. Characteristics of initiatives which experienced challenges in project implementation include: Lack of a clearly articulated constraint/opportunity (e.g. HIP, inland terminal); lack of Khulisa influence on initiative implementation (e.g. agri parks, brandy initiative); lack of a clearly formulated implementation plan/strategy (e.g. skills); and, lack of clear strategy for utilisation of initiative outputs (e.g. efficiency initiative).

Table 5: Initiatives contributing/expected to contribute to project objectives and success criteria

Action Area	Initiative	How is it contributing/expected to contribute	Success criteria/lesson
Water	Brandvlei	- Effects of increased water access will most likely contribute over longer term to the agri & agri-processing sector	- Clear identification of constraint/priority lever - Task force management and deliberate tenacity by WCG
Infrastructure Regulatory	Chemical-residue testing facility	- CRTF is expected to: Improve food safety in domestic market; provide maintenance & protection of existing market access; develop new export markets, & reduce exporters' transaction costs	- Clear identification of potentially high-impact constraint/priority lever - In sphere of influence of WCG
Regulatory	Halal governance and data	- Governance structures are considered key enablers for the sector, and the structures are viewed as an important element in driving the sector forward	- Addressed clear gap in the halal sector - WCG led the facilitation and establishment
Regulatory	Halal certification	- Although challenging, halal certification remains key to ensuring market access for producer and agri processing businesses. Potential outcome achievement can have a lasting impact on the halal sector in SA	- Process facilitation by WCG - Contribution of WCG to identify potential way forward - Long-term process demands long-term commitment
Efficiency	Innovation and efficiency SI3	- Competitiveness study can provide valuable feedback to identify constraints	- Clear objective of study - Requires clarity on how results will be used going forward
Efficiency	Skills: across project	Skill development, when realised will contribute to the agri processing sector	- Needs and strategy must be clearly identified and formulated - Contingent on vital feedback from industry re skills needs
Promotion	Export promotion of halal products	- Halal export-promotion initiative has generated signed trade declarations to a reported value of R2.65 billion	- Key sub-sectoral opportunity identified - Aligned to expressed industry need and strategy - Development of strategy and business plans
Promotion	Export promotion of wine	- Khulisa has contributed to extensive promotional activities in Angola and China – direct contribution difficult to quantify, but potential effect should be acknowledged	- Key sub-sectoral opportunity - Aligned to expressed industry need and strategy - Development of strategy and business plans
Transformation	Transformation across project	- Limited scale/scope of the SMME promotion activity, evidently had a strong effect on participating businesses and will have contributed to the halal targets. - PDI access expected <u>over the longer term to contribute to the agri processing sector in general.</u>	- SMME: clear strategy developed and rolled out - Demand for 'narrowly' defined business types (e.g. SMME, only halal) was, however, limited

Synthesis of sub-sectoral feedback on constraints

Table 6 synthesises feedback from interviewed stakeholders in the private sector regarding constraints being faced in their respective sectors, and potential opportunities, and the role the provincial government potentially might play in addressing some of these constraints.

Table 6 Private-sector stakeholders views on sub-sectoral constraints and sectoral opportunities

Sub-sectoral constraints	Sectoral opportunities/areas for potential intervention
<ul style="list-style-type: none"> • Drought: Water access and use-efficiency • Market access: Phyto-sanitary barriers (residue testing), certification and standardisation • Market access: New markets • Energy supply and cost • Unstable political environment/land question • Sugar tax, animal health concerns 	<ul style="list-style-type: none"> • Brandvlei and Clanwilliam: Water efficiency measures • Inland terminal/ cold steri may be in demand in future • Promotion, preferential trade-agreements • Market access: Ensuring barriers removed as well as key commodities promoted effectively • Carbon tax & compliance: What is government's role? • Labour and social issues in agriculture

9. Conclusion and recommendations

Khulisa agri processing was developed as a response to clearly defined challenges of inadequate economic growth and rapidly increasing levels of unemployment in the Western Cape. The evaluation finds that the design approach adequately identified and defined the problems it was attempting to address, and that the intervention aligned closely to national and provincial priorities. Regarding **appropriateness** of the selection of agri processing as a priority sector to address the lack of economic growth in the Western Cape, we conclude that the sector was demonstrated to hold considerable potential for economic growth and job creation.

The **selection of the three strategic intents** was based on a novel cross-sectoral stakeholder engagement and consultative process, and a clearly documented deep-dive analysis - the aim of which was to identify areas with the highest potential for economic growth and job creation. The ultimate selection of levers and prioritisation of sub-sectors to identify three key strategies, based on this, was a challenging task, also influenced by other priorities. The **appropriateness** of design of the strategic intents, and the ensuing efficiency of **implementation** were generally influenced by: whether a clear identification and analysis of constraints and opportunities had been undertaken; participation in the design process by industry stakeholders; alignment to industry's expressed needs as well as clearly articulated and detailed plans for the initiatives, developed with implementing partners.

The **institutional framework** governing the implementation and oversight of Project Khulisa was comprehensive and included a broad range of stakeholders. Delays have been experienced in the implementation all three strategic interventions, with the result that some expected outputs have not been achieved within the initially proposed time frames. In some instances, this has been attributed to capacity constraints within DOA and DEDAT, however, the evaluation finds that implementation dates formulated at design were ambitious and generally under-provide for the complexities inherent in each strategic intervention. Initiatives have thus been implemented based on time frames revised by the management team during implementation. Project management was generally comprehensive, and the **coordination of activities** was generally undertaken efficiently, particularly considering the complexities and challenges inherent to implementing initiatives across the project's scope and scale.

Khulisa Agri Processing is an ongoing project and progress is assessed based on **current achievements**. The emerging impact of Khulisa Agri Processing is generally difficult to assess quantitatively: many of the

interventions have been institutional in nature, and there is limited baseline and programme-level data. Regarding the **halal strategic intent**, the assessment identifies current achievements and potential future contributions related to: **export promotion of halal products** and **halal governance and data** whilst the **halal-certification initiative**, if or when realised, is expected to be key to ensuring market access for WC producer and agri processing businesses over the longer term. The objective is to "Increase the Western Cape's share of the global Halal market from <1% to 2% by 2025". Although some Khulisa interventions have most likely contributed to this value, the extent of the project's contribution to this increase is difficult to quantify. The halal export-promotion strategy is currently the most important halal initiative contributing towards this goal.

For the **wine and brandy strategic intent**, Khulisa has contributed to extensive promotional activities for wine in China and Angola. While the exact contribution of Khulisa to observed export volume increases is difficult to directly quantify, export volumes have increased significantly in China. Whilst the **water infrastructure and transformation** initiatives are in progress, the effects of increased access to water and the transformation goals established in the commodity approach have the potential to contribute significantly over the longer term in the agricultural and agri processing sector in general. The **brandy initiative** has, as yet, not achieved its outputs. The goal of the wine and brandy strategic intent was: "To double the value of SA wine and brandy exports to China and Angola by 2025". Wine exports to China have grown considerably over the course of Project Khulisa (more than 100%), whilst Angolan exports have been strongly affected by the oil crisis. Whilst Khulisa is expected to have **contributed** to this, the exact contribution towards increased wine sales at a provincial level is difficult to quantify directly as it is challenging to tie an increase in wine exports to Angola and China at a provincial level directly back to Khulisa's promotional activities. This would require careful monitoring of promoted wine sales in the respective countries pre and post promotion.

There has been limited achievement of outcomes for the increased **local production capacity** strategic intent. This is partly reflected in the expenditure undertaken for this SI, with the amount spent to date far lower than the budget allocated. Nevertheless, the assessment does identify the following initiatives which, although not yet realised, are considered to have the potential to contribute to the project objectives over the longer term: the **Chemical Residue Testing Facility, skills, innovation and efficiency** and the **commodity approach**. The objective of SI3 was to "Increase the value added in the Western Cape Agri processing Sector by R7 billion by 2020". The baseline value of the GVA in the sector in 2015 was R21.9 billion. The latest available value for this is R22.2 billion in 2016. Given the limited outcome achievement in this SI3, we see the current potential contribution of SI3 towards this objective as limited.

The **overarching goals** set by project Khulisa were to: "Grow agri processing GVA from R12 billion to R26 billion, and grow agri-processing jobs from 79 000 to 179 000". Jobs in the Western Cape agri processing sector are monitored via two measures: agri processing jobs (baseline: 111 465 jobs vs. Q1 2018: 132 188) and agri processing support jobs (baseline: 94 815 jobs vs. Q1 2018: 103 705). The impact of the drought can be clearly seen in the variation in job numbers. GVA is monitored for the agri processing sector at the provincial level as outlined above (it is thus not clear where the R12 billion baseline came from). The output and outcome-level analysis identified specific Khulisa Agri Processing initiatives which may be contributing to the overall goal. It is evident from the analysis that it is generally difficult to directly link provincial level changes in jobs and GVA directly to Khulisa Agri Processing activities and initiatives, and Khulisa's role in observed changes should thus be considered as additional contributions.

9.1 Recommendations

Design and approach

The premise of the focal approach employed by Project Khulisa was to identify **high-potential sectors** and design initiatives that could address **key constraints and opportunities** within these, based on government policy priorities, private-sector feedback and sub-sector potential. Successful Khulisa Agri Processing initiatives are characterised by a clear identification of constraining factors and/or opportunities and involvement of industry stakeholders within the sphere of influence of the government. To this end we recommend the following regarding the **Khulisa Agri Processing approach and design**:

- 1 The WCG should continue to utilise the Khulisa approach, which seeks **to focus and prioritise key areas** within agri processing that can unleash the greatest growth potential and employment creation.
- 2 The challenge for this approach is an **information asymmetry** in the sector – lack of sub-sectoral data makes it a challenge to identify the key constraints and opportunities across the sector as well as within value chains. The Khulisa approach is contingent on clear feedback loops from the sector. We recommend that WCG develop **a mechanism** that can **regularly provide information on key constraints and opportunities across the sector and within sub-sectors**.
- 3 Many of the supply-side **risks and constraints** facing agriculture, agri processing and the bio-economy in general are **cross-cutting**, these include; skills shortages, water and energy, labour relations, market access, compliance and regulation, and legislation issues. Where possible, future programmatic efforts should be primarily focused on the **identification and amelioration of the generic, cross-sectoral constraints (levers)**, with more sub-sector specific interventions implemented only where sub-sectoral feedback and prioritisation clearly justifies sub-sector focused intervention.
- 4 Khulisa Agri Processing included existing/ongoing programmes in the strategic intent design. For future programmatic efforts, inclusion of existing and ongoing programmes should be determined by whether the programme in question **addresses the key constraints and/or opportunities** identified within the sector.

Strategic intent specific

- 5 For the halal strategic intent:
 - i. **Structured support for the halal sector should be continued** through building on the institutional capacities developed to date and in the understanding that this is a long-term endeavour with positive implications beyond agri processing.
 - ii. The halal-certification space is complex and it is challenging to identify the best way forward. Government should continue to **support** the process underway towards clarifying halal certification; but allow the halal sector and governance structures established **to facilitate and inform** this process going forward.
 - iii. The halal industrial park initiative has experienced considerable challenges. The merits of the **halal industrial park promotion** process should be reviewed by Khulisa Agri Processing ManCom with a view to either removing the initiative, or considering alternatives that might address factors currently constraining halal growth in the agri processing space and which align to lifting cross-cutting levers

(e.g. residue testing). Efforts in this regard must be **aligned** with the expressed needs filtering through from the halal forums and industry in general.

- iv. The **halal export-promotion** activities should be continually supported beyond Khulisa Agri Processing, given the success of these efforts. It is important that there is a mechanism to feedback on how the trade declarations translate into actual increases in exports.
6. We recommend the following for the wine and brandy strategic intent:
- i. **Export-promotion support** should continue to be offered to the wine industry. However, it is imperative that support is offered in a manner that avoids potential duplication of efforts. The merits of **supporting both WESGRO and WOSA** should be carefully reviewed, and consideration given to the potential inefficiencies of this model.
 - ii. The **brandy strategy** entails a very limited component of the strategic intent. Efforts to support the GI process should be limited to addressing clear constraints expressed that are within the mandate of DOA. Consideration should also be given as to whether brandy should feature in the targets for this strategic intent.
7. We recommend the following for the increased local production capacity strategic intent:
- i. Given the heterogeneity of initiatives, the **overall theory of change** and targets for this initiative should be carefully interrogated with a view to making the contribution of the initiatives more explicit and refining the activities. This is particularly valid for initiatives related to research and innovation.
 - ii. Efforts to operationalise the **residue-testing facility should be prioritised**. It is furthermore important that efforts are made to promote the facility to raise awareness and to ensure full utilisation.
8. The **skills initiatives** which traversed the project, while critically important to the success of each of the strategic intents, have **lacked clarity and specificity** in terms of actual activities. To ensure that greater integration of the skills programme within Khulisa Agri Processing, we recommend that the skills programme, going forward, be **fully integrated into the planning and project management** processes.

Institutional design and arrangements and project delivery

9. It is evident that there is a misalignment in the understanding of the 'boundaries' of agri processing amongst officials at DEDAT and DOA. It is imperative that there is inter-departmental alignment between DOA and DEDAT regarding roles and responsibilities to ensure that the sector is supported seamlessly, and duplication is avoided.
10. We recommend that future Khulisa programmes implement a more deliberate and specific results-based monitoring system that includes specific indicators that monitor progress against targets for projects, activities and outputs. An example of the type of indicators to be monitored is presented in the logical framework for the current evaluation.

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