Input supply in South Africa’s smallholder farmer support programmes:

A tale of neo-apartheid plans, dodgy dealings and corporate capture
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On 7 April 2015 the African Centre for Biosafety officially changed its name to the African Centre for Biodiversity (ACB). This name change was agreed by consultation within the ACB to reflect the expanded scope of our work over the past few years. All ACB publications prior to this date will remain under our old name of African Centre for Biosafety and should continue to be referenced as such.

We remain committed to dismantling inequalities in the food and agriculture systems in Africa and our belief in people’s right to healthy and culturally appropriate food, produced through ecologically sound and sustainable methods, and their right to define their own food and agricultural systems.

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Abbreviations

AATF  African Agricultural Technology Foundation
APAP  Agricultural Policy Action Plan
ARC  Agricultural Research Council
BBBEE  Broad-based Black Economic Empowerment
CA  Conservation agriculture
CASP  Comprehensive Agricultural Support Programme
CIMMYT  International Maize and Wheat Improvement Centre
CSA  Climate-smart agriculture
DAFF  Department of Agriculture, Forestry and Fisheries
DARD  Department of Agriculture and Rural Development (provincial)
DPME  Department of Planning, Monitoring and Evaluation
DRDAR  Department of Rural Development and Agrarian Reform (provincial)
DRDLR  Department of Rural Development and Land Reform
ECRDA  Eastern Cape Rural Development Agency
FISP  Farm input subsidy programme
GM  Genetically modified
KZN  KwaZulu-Natal
LED  Local economic development
MAFISA  Micro-Agricultural Financial Institutions of South Africa
MFPP  Massive Food Production Programme
MNC  Multinational corporation
MTEF  Medium Term Expenditure Framework
MTSF  Medium Term Strategic Framework
NDP  National Development Plan
NGO  Non-government organisation
PES  Provincial equitable share
PFMA  Public Finance Management Act
PPP  Public-private partnerships
R&D  Research and development
RAAVC  Revitalising Agriculture and the Agro-processing Value Chain
RED  Rural Enterprise Development
SASA  South African Sugar Association
SDC  Swiss Agency for Development and Cooperation
SMMEs  Small, medium and micro enterprises
WEMA  Water Efficient Maize for Africa
WTO  World Trade Organisation
Key findings

- The current policy framework targets 300,000 smallholders for support through government programmes, with an emphasis on commercialisation and public-private partnerships (PPPs).
- Government plans include cultivation of underutilised land in communal areas and on land reform farms, with a target of one million hectares, as part of the Fetsa Tlala initiative.
- Production input supply (seed, fertiliser and pesticides) is only a small part of total farmer support programmes, but fits into the broader commercial orientation.
- Production input supply is specifically identified as an intervention for maize, soya, wheat and horticulture (fruit and vegetables).
- Agriculture is an area of concurrent national and provincial responsibility. Funds for farmer support programmes come from a combination of Department of Agriculture, Forestry and Fisheries (DAFF) conditional grants, provincial equitable share (PES) from National Treasury to provincial treasuries, and Department of Rural Development and Land Reform (DRDLR) direct programmes.
- DAFF has two main programmes: the Comprehensive Agricultural Support Programme (CASP) and Ilima/Letsema. CASP is more oriented towards commercialisation of smallholders, while Ilima/Letsema is more oriented to household food production, but there is not a 'Chinese wall' between them.
- Fetsa Tlala (End Hunger) is a related programme that uses CASP and Ilima/Letsema funds for production of staples (primarily maize and dried beans) as part of the one million hectare initiative.
- National government reports indicate 833,439 smallholder farmers were supported from 2010/11 to 2016/17 and 353,494 ha of underutilised land in communal areas were cultivated in the same time. However there are questions about the credibility of these figures when provincial information is analysed.
- Provincial Departments of Agriculture had a combined budgetary allocation of R104 billion over the period 2010 to 2020. R46 billion (44%) of this was allocated to Farmer Support Programmes. Between them CASP and Ilima/Letsema contributed around R20 billion of this (77% CASP, 23% Ilima/Letsema). This means DAFF conditional grants to farmer support constituted just under one fifth of total provincial agriculture budgets in this period.
- KwaZulu-Natal (KZN) and Limpopo between them accounted for 45% of funds allocated to farmer support programmes in the ten years from 2010–20. With the addition of Eastern Cape, this rises to just less than 60%.
- On- and off-farm infrastructure and production inputs constitutes just one of six pillars in CASP. Other pillars include extension services and mechanisation. There is no indication of national allocations to these different pillars, and it appears that provinces can allocate according to their own plans.
- Ilima/Letsema focuses on household food security, with provision of production inputs, but also some mechanisation and irrigation.
- There are major discrepancies and gaps in farmer support data supplied from provinces, indicating serious monitoring and accountability issues that bring into question the credibility of any of the information.
- DRDLR's main intervention that includes provision of production inputs is the One Household, One Hectare initiative, with the Agri-Parks programme under this. The Agri-Parks are designed to be service centres for input support, support services and aggregation points for produce, linked to rural hubs. The programme is still in its early stages.
- Farmer support is based on an application process, which requires business plans (or, more accurately, government support plans) for projects that then go through an approval process from districts through provinces to national and back again.
- In practice, the project model of rural development in South Africa has a poor track record. It is heavily shaped by the commercialisation agenda, which means the imposition of inappropriate commercial production models onto farmers, often by consultants who write unrealistic business plans in the abstract and then leave the so-called beneficiaries...
to carry the consequences.

- Extension officers assist with applications, which can be helpful but may also restrict access, given that extension reached just 14% of smallholders in 2013. It also opens the door for corruption and patronage. There are very few studies available, but anecdotal evidence indicates that sometimes farmers are part of project applications they knew nothing about.
- A major problem is the dearth of documented criteria for selection of projects, again opening the door for patronage and other shenanigans at the approval stage.
- The exit strategy is a sliding grant from 100% in the first year down to zero after five years, with smallholders increasing their own contributions in proportion over this period. A loan financing mechanism is made available through Micro-Agricultural Financial Institutions of South Africa (MAFiSA). However, most smallholders will not generate sufficient funds to repay loans on an essentially commercial basis and evidence suggests they will fall out of production once subsidies are removed.
- Bits and pieces that can be gleaned from reports indicate supply for a variety of crops that include grains (maize, wheat, sorghum), legumes and oilseeds (dried beans, sunflower, soya), horticulture (pineapples, citrus, deciduous, potatoes, cabbage, chillies, tomatoes and other vegetables) and other cash crops (cotton). While this diversity is promising, we can confidently say that all seed supplied through farmer support programmes is certified, which means overwhelmingly corporate seed. And in the case of maize, cotton and soya, the seed is genetically modified (GM).
- Efforts are being made to use farmer support programmes to roll out Water Efficient Maize for Africa (WEMA) drought tolerant seed, which has arisen from a PPP between various public sector research institutes in South Africa and in the region, together with Monsanto and support from the Gates Foundation. WEMA is considered to be a ‘Trojan horse’ for the introduction of GM seed into smallholder systems (especially in the region where GM maize is not yet commercially grown) over time.
- Specific mention is made of the distribution of GM maize in KZN and Eastern Cape through farmer support programmes, with no information available for other provinces. By far the most maize, soya and cotton seed supplied will be GM, given the absolute domination of GM in these crops nationally and the dependence on commercial seed breeder-producers for supply.
• For soil fertility, mention is made of various synthetic fertilisers, inoculants for soya, and liming. For pest management, there is reference to unspecified herbicides and other pesticides. Overall there is a major lack of transparency in what is being provided and by whom.

• Sourcing of inputs is governed by national legislation in the form of the Public Finance Management Act (PFMA), and the Preferential Procurement Framework Act 5 of 2000. Generally, service providers for both input supply and mechanised services are selected through provincial tender processes.

• Available tender information is highly dispersed and very difficult to navigate, with almost no detail provided. Provincial level procurement systems are highly problematic. There is evidence of tenders being issued without inviting competitive bids, contracts being awarded to bidders with records of fraud and non-performance and to suppliers without tax clearance certificates, and contracts being extended or changed without the proper approval process.

• Preferential procurement focuses on black-owned suppliers, who are essentially agro-dealers who are no more than conduits for corporate inputs; they are merely distribution channels. There is limited or no transformative aspect built into supply chains, apart from distribution.

• Corporations are major beneficiaries of input supply programmes as producers of seed, fertiliser and pesticides. Subsidised or free input supply also creates markets for corporate inputs using public resources. Monsanto and WEMA require a specific mention here.

• Even from the limited information available, there is plentiful evidence of direct corporate involvement in input supply through supply contracts. Named corporations include Omnia, Pannar Seed, Senwes, Afrigri, Illovo Sugar, Tongaat Hulett Sugar, NWK, WIPHOLD, Astral Foods and Bayer. This list does not even consider value chain PPPs.

• There is worrying evidence from Eastern Cape that the One Million Hectare initiative is taking the form of government paying corporations like WIPHOLD and contractors essentially to farm on behalf of ‘beneficiaries’ of smallholder support programmes. This patronising and top-down approach is not a smallholder strategy that seeks to build the capabilities of farmers, and it cannot lead to an independent class of self-sustaining smallholder producers. It is short-term thinking that will not lead to agrarian transformation, but will rather entrench inequalities and dependency. This report highlights the Eastern Cape in particular, only because, for some reason, most field studies have been conducted there. We cannot say, from the available information, whether the same thing is taking place in other provinces. This needs more investigation.

• Input producers and suppliers, contractors and commercial mentors are identified as amongst the main beneficiaries of farmer support programmes. Although farmers may at times increase their yields as a result of input supply and farmer support, the high cost of support does not match the returns.

• Evaluations and assessments raise a number of concerns with farmer support programmes; including limited impact on food security; some increases in agricultural production, but very uneven, inappropriate inputs and production models that do not recognise farmers’ own knowledge; poor coordination and planning; poor monitoring and accountability mechanisms, including lack of credible data and records; uneven demand for input supply as part of farmer support; and lack of trust between government and farmers.

Proposals for the way forward include: embracing a new vision for agrarian transformation that places diverse and distributed smallholder production at the centre; differentiated support for different producer categories; an emphasis on local markets and preferential public procurement as alternatives to adverse integration into corporate value chains; and upstream diversification to include smallholders and small enterprises into diverse and ecologically sound input production, and not only as conduits for corporate products.
Introduction

This research report is part of a wider research agenda by the African Centre for Biodiversity (ACB) to consider the role and relevance of agricultural input subsidies for smallholders in Africa. In the context of a strong modernisation and commercialisation agenda, input subsidies are being viewed as a way to introduce modern technologies to African smallholders, and to kick-start processes of accumulation in agriculture.

The problem statement for proponents of this Green Revolution thrust in Africa is that, accordingly to them, there is a large amount of underutilised arable land in Africa (World Bank, 2009) and that existing farming systems, based on smallholder production using ‘traditional’ methods of agriculture, are unable to take advantage of this scarce and valuable resource. What is required, according to Green Revolution proponents, is the introduction of modern technologies, especially in the form of improved and hybrid seed, synthetic fertilisers, pesticides, irrigation and consolidation of land to allow for economies of scale. This also requires changes in farming systems towards ‘farming as a business’, and the commercialisation of smallholder production. In turn, these require institutional and policy reforms to attract private investment, as well as linking farmers to commercial markets so they can earn an income from the surpluses they generate using the modern technologies and production methods.

Generally speaking, smallholders in Africa are resource-poor and unable to afford modern inputs. Setting up Green Revolution style delivery systems includes expensive infrastructure, including ports, roads and telecommunications, since most of these inputs need to be imported into Africa. Years of work have also gone into setting up agro-dealer networks that can reach farmers far from commercial centres. Subsidising these processes and the inputs is considered to be necessary to enable smallholders to access and embrace these technologies. The theory goes that availability and access are the main challenges. Once smallholders have access to these inputs, they will rapidly generate surpluses, which will allow them to sustain a virtuous cycle of purchasing inputs with proceeds from the surpluses and earn an income.

The Green Revolution thrust is part of a wider push to occupy arable land and to commodify agricultural production systems in Africa. The agenda is being sponsored primarily by governments in collaboration with corporate interests and capitalist philanthropic institutions such as the Rockefeller and Gates Foundations (Morvaridi, 2012; Haigh, 2014). Although it is framed as a response to African food insecurity, many activities are geared towards exports in the context of trade liberalisation and the World Trade Organisation (WTO). Since the 1980s the trade regime has systematically favoured corporate agribusinesses in the capitalist core countries, and produced a widening agricultural trade deficit in developing countries, including in Africa (FAO, 2015). Many Green Revolution programmes seek to reorient farming systems towards serving the needs of the global North, for example, production of maize and soya for livestock feed in Europe, in value chains where smallholder farmers have very little power in the face of multinational corporate grain traders (BASIC, 2014; ACB/RLS, 2017).

Ten countries in sub-Saharan Africa are spending a high proportion of their agricultural budgets on farm input subsidy programmes (FISPs) (Jayne and Rashid, 2013; ACB, 2016; Jayne et al., 2018). These provide subsidised certified seed, including hybrids, synthetic fertiliser and pesticides, with an emphasis on maize and other staples. A lot has been written on FISPs in Africa. Overall, evidence suggests that the programmes are costly, they are not very effective even on their own terms (yields) in their current form, and they are being used as a political tool (Jayne et al., 2018). The FISPs tend to benefit input supply corporations, mostly multinational corporations (MNCs) such as Monsanto, Pioneer Hi-Bred, Syngenta, Bayer and Yara. There is growing recognition of the need at least to diversify the programmes, and there is also movement towards more agro-ecological practices, building on the detailed and context-specific knowledge of smallholders in producing in highly challenging contexts.
Support to smallholder farmers is crucial. Although statistics are not precise, globally and in Africa, smallholders account for the production of the largest share of food (FAO, 2014), despite a trade regime that has resulted in rising imports to Africa over the past three decades. This critical function cannot be left to the vagaries of the market, where those without money are literally left to starve. This is what is happening at present. It goes without saying that food production is central to life. Everywhere food producers receive subsidies, although in some countries, for example in the United States and European Union, large agribusinesses benefit most from these subsidies (Greenberg et al., 2017:4).

South Africa has a very different agrarian structure to the rest of the continent. Elsewhere, smallholders play a central role in food production, whereas in South Africa they are very marginalised and large-scale commercial producers and corporations dominate the agro-food systems from input supply through to retail. Even after democratisation in 1994, the government’s orientation was towards entrenching the power of corporate food producers. This occurred in the context of signing the WTO Agreement on Agriculture, a strong commercial and corporate lobby, and the lack of power of small producers. Land reform and smallholder production were essentially viewed as a welfare issue, and not central to the national growth model. There was no real transition agenda for South Africa’s food systems, or how to overcome entrenched inequalities.

Arguably this approach remains true even today, despite statements to the contrary. Nevertheless, within the past decade the rhetoric of smallholder farming has escalated in South Africa and today direct public sector farmer support is almost entirely geared towards smallholders in various forms. Large-scale commercial farmers have long since evacuated the public space and acquire their direct support needs through the market. However, the entire agricultural policy edifice is a form of indirect support to large-scale commercial producers, for example, trade agreements, research and development (R&D), technical systems and standards, etc. are geared towards commercial agriculture.

The purpose of this report is to provide an initial scan on smallholder farmer support in South Africa, with particular focus on
production input subsidies: seed, fertiliser and pesticides. While there are a few studies on smallholder support in broad terms, hardly any of them have looked specifically at production input supply and the implications for a more balanced agrarian structure that incorporates subsistence and smallholder farmers as a far more substantial part of the agro-food system. This may be because production input supply is a small part of overall farmer support, but it is, nevertheless, a gap to be explored. The research is based on a desktop review of government reports and budgets, as well as a review of the (relatively sparse) literature on smallholder support in South Africa to date.

The paper is based on review and analysis of government budgets and reports, as well as evaluations and any research studies on the practice of farmer support programmes. Revenue and expenditure reports at national and provincial levels are the most comprehensive sources of information, at least for budgets. Unfortunately, these reports do not disaggregate the information in much detail. More importantly, the narrative reports accompanying the financials are very thin, and, in some cases, non-existent. There is a major problem with accurate and transparent reporting of how public resources are being used. Ultimately, national government can only collate what they are given from the provinces, and at this level reporting is woefully inadequate. We cannot assume that corruption underlies this, but in the context of high alert in the country on state capture, this cannot be ruled out.

It is not only the formal government reporting processes that are weak. Formal monitoring is also lacking. There are perhaps four official evaluations of the Comprehensive Agricultural Support Programme (CASP) which, as indicated below, is a main pillar of farmer support. There are no official evaluations of Ilima/Letsema that we can find. Independent studies by non-government organisations (NGOs) and academia that go to the ground to investigate what is actually happening in practice, who is benefiting, and how smallholder farmers may be benefiting from these activities, are few and far between. Because of this lack of accurate and credible information, a desktop study of this kind can only come to tentative conclusions about what is happening. Initial research of this nature must be followed up by more detailed, on-the-ground investigation.

In this report we do uncover the use of GM seed in public sector smallholder farmer support programmes. As indicated in the report, we do not consider this to be an appropriate technology for the majority of resource-poor farmers who receive support through these programmes. However, we do not provide detailed reasons for this, as it will divert the focus of the research. ACB has a long track record of highlighting the threats of the use of GM technologies for smallholders, including issues relating to refugia and resistance, pesticide spraying, poisonings, impacts on soil life and hence soil fertility, etc. We invite interested readers to visit ACB’s website at www.acbio.org.za for more information on these topics.

The paper starts with a brief overview of South Africa’s agrarian structure and changes over time. It then gives an overview of the national policy frameworks for agriculture and smallholder support, before looking in more depth at specific programmes and the place of production input supply in these programmes. It looks in particular at the Department of Agriculture, Forestry and Fisheries (DAFF)’s CASP, Ilima/Letsema, Fetsa Tlala, and some reflection on the Department of Rural Development and Land Reform (DRDLR)’s programmes. It concludes with some reflections, and suggests ways forward in using smallholder farmer support programmes to facilitate a transition towards a more distributed agrarian structure and transitions out of dependence on industrial agriculture on an ever larger scale.
South African agrarian structure and context

It is not necessary to go into a lot of detail on the South African agrarian structure. It is well-known that the agrarian structure is shaped by colonialism and apartheid, land dispossession and the throttling of any production potential amongst black farmers over more than a century. This produced a dualistic agrarian structure, with large-scale, white-owned commercial farms occupying most of the countryside, and many unsupported black food producers, who ended up only producing a small portion of their food and income needs. These black farmers are mainly located in the former homelands, with some scattered presence in what were designated whites-only areas under apartheid, the commercial farming areas. This structure has more or less persisted since 1994, with a few changes, such as growing urbanisation and informal settlement around rural towns, some land reform and restitution, accounting for around 9% of total land (Cousins, 2018), and the release of some state-owned land for black producers in some places.

DAFF (2013:1) refers to three categories of farmers1:
• ‘Subsistence/resource-poor producers’ who produce mainly or entirely for home consumption through food gardens and small-scale animal production; at around 2.8 million primarily black households;
• Smallholders who “produce food for home consumption, as well as sell surplus produce to the market, meaning that earning an income is a conscious objective”; at around 225,000 predominantly black individuals in 150,000 households who produce on 14 million ha and found primarily in former homeland areas. The number of smallholder farmers grew by 58% between 2009 and 2015 (DAFF 2015); and
• ‘Commercial producers’ who are defined as large-scale farmers, estimated at around 40,000 mainly white farmers, who produce on 82 million ha of land and account “for more than 95% of South Africa’s formal marketed agricultural output” (DAFF, cited in Khulisa, 2016:3). However, there are at least another 30,000 ‘commercial’ farmers who are below the VAT threshold of R1 million turnover per year (Khulisa, 2016).

Based on the 2016 Community Survey, around 60% of food-producing households are found in KZN (23%), Eastern Cape (21%) and Limpopo (17%) (Lehohla, 2016:4). KZN, especially to the north, experienced a sharp decline in the number of households producing food in 2016, as a result of drought. There was a 19% decline in the number of agricultural households between the Census in 2011 and the Community Survey in 2016. This loss will mainly be amongst subsistence households. Eighty-one percent of agricultural households produce food as a main or extra source of food for their households, with just over 10% producing as a main or extra source of income (Lehohla, 2016:17).

Cousins (2014) proposes a further subdivision of smallholders into four categories:
• Subsistence-oriented smallholders (for example, with homestead gardens or small amounts of livestock);
• Market-oriented smallholders in informal (loose) value chains (for example, sell surplus livestock or fresh produce to bakkie traders or hawkers);
• Market-oriented smallholders in formal (tight) value chains (for example, in a supply chain such as sugarcane); and
• Small-scale commercial farmers (for example, able to produce independently).

The purpose of distinguishing these categories is to recognise differentiation and to propose a continuum of support services that differ according to need. In a recent evaluation of smallholder support programmes conducted for the Department of Planning, Monitoring and Evaluation (DPME), this differentiated smallholder categorisation was adopted with DAFF’s approval (Khulisa, 2016). This is a positive indication of recognition of the need for differentiated support.

South Africa faces an imperative for transformation for social justice, including land redistribution and building and strengthening black farming and agro-food enterprises at different scales throughout the food system. Currently, South Africa relies too heavily on corporations, aging white men and imports to meet food needs. Agriculture is not always attractive to the youth (though this is not absolute, and depends on opportunity). South Africa is in danger of losing productive capability in the country over time, which will place the population in a situation of food dependency. Building the broad base of food producers is essential.

Agriculture and smallholder farmer support policy frameworks

There is a thicket of policy frameworks and initiatives to support smallholder farmers. Land redistribution is an essential part of this, though it is not the focus of this paper. There is also production support to increase employment in agriculture and to increase the number of farmers of different scales.

Chapter 6 of the National Development Plan (NDP) on an integrated and inclusive rural economy is the policy core, with a target of growth by one million jobs (including farming livelihoods) by 2030. The bulk of this is expected to come from expansion in labour-intensive commercial agriculture. We are not going to go into a discussion on the feasibility of this in the context of long-term employment declines in commercial agriculture in South Africa, as this is a diversion from the objectives of our study. With regard to subsistence and smallholder producers, the NDP proposes a target of 300,000 opportunities directly from agriculture (NPC, 2011:199). The NDP also proposes bringing underutilised land in communal areas and land reform farms into commercial production, thereby creating further jobs.

All other major plans and programmes flow from the NDP via the Medium Term Strategic Framework (MTSF). Since the NDP, a proliferation of policies and programmes have been launched in food security, agriculture and smallholder farmer support. Most important for our purposes are the Agricultural Policy Action Plan (APAP) and the Revitalising Agriculture and the Agro-processing Value Chain (RAAVC) which operationalise the NDP in five-year increments. APAP 2014–2019 (DAFF, 2014) identifies the following priority commodities: poultry/soya/maize integrated value chain; red meat; wheat; fruit and vegetables; wine; biofuels; forestry; fishing and aquaculture. Production input supply is identified as an intervention for maize, soya, wheat and horticulture, with specific mention of reprioritisation of CASP and Ilima/Letsema to this end. There is also mention of partnering with private sector seed companies in order to develop higher yielding soybean and wheat varieties, as well as a breeding programme for horticulture, although these activities are unfunded in the plan.

It is worth mentioning Operation Phakisa Agriculture, which was launched in 2014, with the goal of fast-tracking delivery. It
has a strong focus on commercial farmers and a strong emphasis on public-private partnerships (PPPs). In 2017/18 R582 million was reprioritised from CASP to support Operation Phakisa’s objective of targeting 450 sustainable and profitable black commercial farmers in prioritised value chains (National Treasury, 2018:487).

Operation Phakisa reinforces the general approach to smallholder support in the policy framework. While the need for differentiated support to different categories of producers is acknowledged in many places in policies and plans, in practice there is an orientation to smallholder commercialisation and adoption of Green Revolution technological packages. KZN’s Department of Agriculture and Rural Development (DARD)’s current strategic plan gives a good example of this. It frames agriculture “as a science and a business”. It calls for “progressive development from subsistence food security activities to emerging and commercial farmer initiatives” (KZN DARD, 2015:6), with a key objective being the commercialisation of smallholder producers (KZN DARD, 2015:7) requiring “greater engagement of the private sector as a strategic ally” (KZN DARD, 2015:8).

In the past decade, there has been a much stronger emphasis on PPPs, which essentially means allowing large-scale commercial agribusinesses to use black smallholders for their own profit-making purposes, supposedly as a sustainable route into the market. This mostly takes the form of contract farming and aggregation of products to realise economies of scale for entry into corporate value chains channelled through millers, processors, supermarkets and exports.

Figure 1: Integrated smallholder farmer support

![Diagram of integrated smallholder farmer support]

Source: Khulisa, 2016:6
Farmer support programmes and production input subsidies

As mentioned above, production input supply is just one part of wider smallholder support programmes. These include land access, extension and training, production support, input supply, mechanisation, irrigation, financing, infrastructure and market support (Figure 1).

We are thus looking at just one small component of farmer support – agricultural inputs under natural capital in Figure 1. While production inputs can refer to a wide range of inputs, including finance, extension, mechanisation, irrigation and others, when we talk about production input supply in this paper we are referring specifically to the supply of seasonal consumables – seed, fertiliser and pesticides.

Agriculture is a concurrent responsibility between national and provincial governments. This means both can establish programmes in agriculture. DAFF provides conditional grants for provinces to carry out national programmes. DRDLR has its own farmer support programmes which it implements directly, working with provinces, other departments and other stakeholders. Provinces also use their own budgets, including the provincial equitable share (PES) from National Treasury to carry out their own programmes and to supplement funds for national programmes. Provinces generally do not generate significant resources of their own that they can keep, and are almost entirely reliant on funding from national government in one form or another to carry out activities.

DAFF has two main programmes: CASP and Ilima/Letsema. Fetsa Tlala (End Hunger) is a related programme that uses CASP and Ilima/Letsema funds for production of staples (primarily maize and dried beans). CASP is more oriented towards commercialisation of smallholders, while Ilima/Letsema is more oriented to household food production, but there is not a ‘Chinese wall’ between them. These programmes all share one target of supporting 145,000 smallholders per year. There are no specific targets for each programme separately from this total.

These are funded through DAFF’s Programme 3: Food Security and Agrarian Reform. The medium-term objectives of Programme 3 are to:

i) Provide production inputs, such as seed and fertiliser, to increase the number of households benefiting to 200,000 by Mar 2021; and

ii) Cultivate 360,000 ha of underutilised land in communal areas and land reform projects for food (National Treasury, 2018:496).

Funds to this programme have increased from around R1.05 billion in 2010/11 to R2.4 billion in the Medium Term Expenditure Framework (MTEF) in 2020/21 (National Treasury, 2018:484). According to National Treasury 833,439 smallholder farmers were supported from 2010/11 to 2016/17 and 353,494 ha of underutilised land in communal areas were cultivated as a result of the programme in the same period (Table 1). There is no gender or youth disaggregation of figures at national level, and almost nothing at provincial level, despite women and youth being key target constituencies for support.

Table 1: Smallholder farmers supported and ha cultivated through DAFF programmes, 2010/11 to 2019/20

<table>
<thead>
<tr>
<th></th>
<th>Farmers supported</th>
<th>Ha cultivated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>85,505</td>
<td>No data</td>
</tr>
<tr>
<td>2011/12</td>
<td>238,289</td>
<td>No data</td>
</tr>
<tr>
<td>2012/13</td>
<td>139,671</td>
<td>105,040</td>
</tr>
<tr>
<td>2013/14</td>
<td>146,000</td>
<td>106,090</td>
</tr>
<tr>
<td>2014/15</td>
<td>156,500</td>
<td>107,151</td>
</tr>
<tr>
<td>2015/16</td>
<td>30,679</td>
<td>0</td>
</tr>
<tr>
<td>2016/17</td>
<td>36,795</td>
<td>35,213</td>
</tr>
<tr>
<td><strong>Total 2010-17</strong></td>
<td><strong>833,439</strong></td>
<td><strong>353,494</strong></td>
</tr>
<tr>
<td>2017/18*</td>
<td>145,000</td>
<td>120,000</td>
</tr>
<tr>
<td>2018/19*</td>
<td>145,000</td>
<td>120,000</td>
</tr>
<tr>
<td>2019/20*</td>
<td>145,000</td>
<td>120,000</td>
</tr>
</tbody>
</table>

*MTEF target

Sources: Compiled from National Treasury Estimates of Revenue and Expenditure, 2014 and 2018
There are questions about these figures when looking in more detail at provincial results, as discussed below. Over the next three years, plans are to support 145,000 smallholders and cultivate 120,000 ha per year (National Treasury, 2018:486) plus commercialisation of 1,350 smallholder producers by March 2021 (National Treasury, 2018:497).

Provinces receive most of their funding through the PES, which is an amount allocated to provinces based on poverty and population profiles. It is a larger general-purpose grant (81% of grant funding) that provinces can spend at their discretion to realise their objectives and plans. This includes allocations to agriculture (including farmer support) to supplement conditional grants. Provinces spend on average about 3% (about R10 billion) of their annual PES allocation on agriculture (FFC, 2016). Provincial spending on agriculture appears to be increasingly reliant on conditional grant funding, as opposed to PES allocations. In 2005, conditional grants as a percentage of spend were less than 10% of overall expenditure. This grew to 14% by 2010, 20% by 2012 and 22% by 2015. The three biggest spenders are Limpopo, KZN and Eastern Cape (World Bank, 2015).

The majority of funds for farmer support programmes flow from national to provincial through the PES and the CASP and Ilima/Letsema conditional grants, which are earmarked funds specifically for farmer support activities. Annex 1 provides statistics on provincial Department of Agriculture budgets, as well as the share going to provincial farmer support programmes. Farmer support is one of seven programmes in a generally standardised operational structure at provincial level. Within farmer support, there is a further sub-division, generally split into farmer settlement and development, extension and advisory services, and food Security. CASP and Ilima/Letsema funds are distributed across these sub-programmes. In absolute terms, KZN and Limpopo between them accounted for 45% of funds allocated to farmer support programmes in the ten years from 2010–20. With the addition of Eastern Cape this

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2. Programmes are: Administration, Sustainable Resource Management, Farmer Support and Development, Veterinary Services, Research and Technology Development, Agricultural Economics, Education and Training, and Rural Development. There may be some provincial variations, for example, Gauteng’s Department of Agriculture also incorporates Environment.
rises to just under 60%. Limpopo, KZN and Mpumalanga allocated 50% or more of their total agricultural budgets to farmer support over these years.

DRDLR does not provide conditional grants to provinces, but it does work with provincial Departments of Agriculture and other departments to carry out national programmes in provinces. We first look at the DAFF programmes in more detail and then touch on DRDLR’s programmes. We first give an overview of the programmes and overall results and later review the few available evaluations and assessments.

### Comprehensive Agricultural Support Programme (CASP)

In 2004 the government initiated CASP to provide support and services to targeted beneficiaries of land reform, restitution and redistribution, and later to incorporate black producers who acquired land through private means (DAFF Annual Report, 2017). The programme provides varied support to groups determined by their needs:

- The ‘hungry’, by providing agricultural food packs and dealing with food crises;
- Subsistence and household food producers, through support in food production (this includes the special programme on food and nutrition security, by providing starter production packs, including seeds, fertilisers and chemicals);
- Smallholder producers, through farm-level support (mechanisation services, inputs, infrastructure development); and
- Black commercial producers, through farm-level support (mechanisation services, inputs, infrastructure development), including enabling participation in and ownership and control of the value chain.

CASP has six pillars, of which on- and off-farm infrastructure and production inputs is one (Business Enterprises, 2015:ix). There is no indication of national allocations to these different pillars, and it appears that provinces can allocate according to their own plans. Support is provided within areas that are strategically identified for the production of grains, livestock, horticulture and aquaculture (National Treasury, 2018:487). CASP focuses on infrastructure, extension recovery, and disaster response (repair of damaged infrastructure). CASP provincial allocations are determined by the size of the rural areas in each province, the size of redistributed and resettled land, the size of the province, past performance and study findings (PMG, 2008). Annex 2 indicates that around R15.5 billion of CASP conditional grants have been allocated to provinces for the period 2010–20. This is around 15% of total provincial agricultural budgets in this time, and a third of the total budget of farmer support programmes (Figure 3).

The largest share of CASP conditional grants have gone to Eastern Cape, Limpopo, Northern Cape and KZN, which, between them, account for around 57% of the total over the decade 2010–20 (Annex 2). Northern Cape received an unusually high allocation from CASP in 2013 and 2014, getting more than a quarter of total CASP grants over those two years to deal with floods (Northern Cape Provincial Treasury, 2014:442). Severe droughts from 2014 to 2017, and ongoing in some areas, led to the reallocation of funds from some grants to finance water infrastructure, livestock feed and transport (OECD, 2017). As indicated above, in 2017/18 R582 million was reprioritised from CASP to support Operation Phakisa’s objective of targeting 450 sustainable and profitable black commercial farmers in prioritised value chains (National Treasury, 2018:487). CASP funds are, therefore, quite generalised and are used for a variety of purposes, of which production inputs are a relatively small proportion.

The statistics get very problematic when we move to looking at the number of smallholder farmers supported through CASP (Annex 2, Table 2.2). No data is provided before 2012. Provincial level information indicates 132,396 farmers were supported from 2012 to 2017 through CASP. If we look at Annex 2, Table 2.2 in more detail, a number

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3. Pillars are: information and knowledge management; extension and advisory series; marketing and business development; training and capacity building; on- and off-farm infrastructure and production inputs; and financial support, including Micro-Agricultural Financial Institutions of South Africa (MAFISA).
of questionable figures stand out. Let us take Free State, for example, where in three out of the five years in which data on the number of smallholder farmers supported is provided, fewer than 1,000 smallholders received support per year. Suddenly in 2014/15, 16,698 farmers are reported to have received support, but with more or less the same budget as the previous year, when just 220 farmers were supported. In Limpopo, the number of farmers supported fluctuated from 3,000 up to 20,000 and then down to 100 in three consecutive years, from 2012/13 to 2014/15. Again, the budget did not experience similar changes. The reports do indicate that verification has proven difficult at provincial level and any farmers who could not be verified as receiving support were removed from the numbers. At the very least, this signifies something seriously wrong with the reporting and accountability mechanisms at provincial level.

However, there are deeper problems with the reporting. For example, there is a lack of disaggregated information: in some instances by programme (CASP and Ilima/Letsema numbers are combined); across the board there is no gender disaggregation; and in many, if not most cases, by type of support, for example, production inputs supplied, training, extension services, ‘market identification’, etc. Numbers of farmers supported could be bolstered simply by inviting farmers to a once-off training session, or by counting the number of farmers who supposedly received extension support. Such farmers then carry the same weight in the data as others who receive infrastructure or production inputs. In some cases, identical figures are given for those receiving support and those receiving training, suggesting that training figures may be included in totals. In others, figures given for those trained are higher than figures given for those receiving support, suggesting that training numbers are not included in support numbers. In other cases, for example KZN in 2013/14, the provincial department’s annual report gives two completely different figures for the same thing in the space of two bullet points (3,590 supported and 25,000 supported). Which is it? What do these figures refer to? Such discrepancies litter the annual reports, making them more or less unintelligible to outsiders. It is all very confusing and brings into question the validity of the information provided. To make matters worse, there are no publicly available CASP or Ilima/Letsema reports from...
provinces. The only national CASP progress report accessible online is from 2005, one year after the start of the programme.

**Ilima/Letsema**

Ilima/Letsema is a conditional grant oriented more towards bolstering household food production, primarily targeting subsistence and smallholder farmers, though at times there is reference to commercial farmers as well. The programme includes the provision of starter packs and production inputs, such as fertilisers, seeds, seedlings, breeding animals and poultry with feed and medication, machinery and equipment, and irrigation infrastructure (National Treasury, 2018:486; World Bank, 2015). Ilima/Letsema aims to encourage communities and households to grow their own food for consumption and sale, with a view towards commercialisation of some farmers over time.

The approach taken is to coordinate the identification of vulnerable households with other social departments and profile and analyse household information. Potential beneficiary households need to prove their security of tenure and their vulnerability status with confirmation from the relevant department.

Ilima/Letsema grants to provinces are around 30% of the size of CASP grants over the period 2010-20 (Annex 3, Table 3.1), with a total value of R4.57 billion in this time. This is around 10% of the total value of provincial farmer support programmes and 4% of total provincial agricultural budgets (Figure 3). KZN was allocated the largest share over 10 years although there is not a big difference between allocations to provinces, with all provinces except Gauteng getting just over 10% of the total.

Data on the number of farmers/households supported through Ilima/Letsema is only available for the four years 2013/14 to 2016/17. This indicates 271,020 farmers were supported through the programme (Annex 3, Table 3.2). Another 62,859 are reported to have received household packs in 2014/15 but this is the only year in which this data is provided in annual reports. The figures for Ilima/Letsema have the same problems as those raised above with regard to CASP.

Regarding hectares of land under production, data is also limited to the same four years. In this period, 534,145 ha were under agricultural production through Ilima/Letsema, but this sometimes includes crops only and at other times includes livestock for some provinces, but not others. In Northern Cape, 73,500 ha under livestock were claimed for 2016/17 which skews the picture quite substantially. This amount constitutes 95% of reported land under production in the province through Ilima/Letsema in the four years where there is data. This does not give a clear or accurate picture of what happened in reality, yet these figures are included in the national total towards the one million hectare target.

In 2014/15, there was a target of 200,000 ha to be cultivated through supported programmes. Provinces reported 129,773 ha and apparently the budget was used up. However, only 3,262 ha were validated (in North West) (DAFF Annual Report 2014/15:48). In 2015/16 there was a target of 120,000 ha to be cultivated through supported programmes. Provinces reported 78,077 ha, however 0 ha was validated (DAFF Annual Report, 2015/16:58). This signals ongoing monitoring and accountability problems in provincial departments.

**Fetsa Tlala (End Hunger) Integrated Food Production Initiative**

Fetsa Tlala (End Hunger) Integrated Food Production Initiative (DAFF, 2013a) incorporates a number of interventions in nutrition and food security. Various nutrition interventions are led by the Departments of Social Development, Health and Education. The main food security/agricultural support intervention is the One Million Hectare Food Production Programme led by DAFF and
Box 1: Climate-smart agriculture (CSA) and conservation agriculture (CA)

In response to the challenges of climate change, ecological degradation, and high input costs, Fetsa Tlala proposes an orientation to CSA, including CA. These approaches are already proposed in South Africa’s National Climate Change Response White Paper and National Adaptation Strategy (DEA, 2016) and APAP also encourages implementation. A draft national conservation agriculture policy (DAFF, 2017a) was open for public comment in early 2018.

CSA is defined by three principle objectives (FAO, 2013):
- Sustainably increasing agricultural productivity and incomes;
- Adapting and building resilience to climate change; and;
- Reducing and/or removing greenhouse gases emissions, where possible.

According to APAP, “climate-smart agriculture in South Africa would be based on the following production systems, namely organic farming, agro-ecology and conservation agriculture” (DAFF, 2014:84). CSA “is largely defined by its intended outcomes rather than by a set of specific practices or approaches” (Jayne et al, 2018a:253). Nevertheless, it is associated with a “subset of practices that are potentially climate smart under certain current and future climatic conditions … including minimum soil disturbance (zero or minimum tillage); crop rotation and intercropping, particularly with legumes; mulching; crop residue retention; cover cropping; agro-forestry; water management, including irrigation and drainage; integrated soil nutrient management, including efficient use of mineral fertilizer in combination with organic sources; and use of high quality, well-adapted seed varieties” (Jayne et al, 2018a:254).

CSA is similar to CA, which, by DAFF’s definition “refers to an agricultural management system based on the simultaneous application of three principles: minimum mechanical soil disturbance, an organic soil cover throughout the year and the use of crop diversity, including rotations and associations” (DAFF, 2017a:5). It does also promote the use of external inputs, such as agrochemicals and mineral supplements, “at quantities and in a manner that does not interfere with or disrupt biological processes” but with the aim of reducing the use of and dependency on external inputs over time (DAFF, 2017a:5). The CA draft policy also makes a strong connection to mechanisation, which signifies an orientation towards more large-scale commercial operations. This impression is reinforced in the draft policy by the discussion of the extent of CA globally, especially in Argentina and Brazil, where it has been adopted by large-scale agribusinesses.

Although there are some fairly strong overlaps with what may be considered agro-ecological practices, and which do open possibilities for an orientation of farmer support towards agro-ecological practices, we must tread with caution. Biowatch (2015) warns of “greenwashing”, where production intensification is prioritised over mitigation; synthetic fertilisers and pesticides are promoted (especially herbicides associated with GM crops); and commodification of soil carbon is promoted through carbon market financing, such as the Clean Development Mechanism or PPPs for funding. These approaches are ultimately sponsored and supported by the centralised group of dominant multinational biotechnology, seed and pesticide corporations, not to mention the global tractor machinery corporations.

APAP frames CA in the context of the problem of the value of imported fertiliser, diesel and machinery more than negating the surplus of agricultural exports over agricultural imports, which appears to be happening with increasing frequency. CA is supported as a means for large-scale commercial farming to maintain or improve productivity, while greatly reducing reliance on industrial inputs (DAFF, 2014:18).
supported by DRDLR, with the goal of putting a million hectares of underutilised land into production on land reform farms and in communal areas by 2018/19. Fetsa Tlala is a framework and doesn’t have its own budget. Funds come from allocations from CASP and Ilima/Letsema.

The primary focus is on staples: maize and dry beans as primary targets, and sunflower and sorghum as secondary crops, with the possibility of support for other crops, as well, to ensure micro-nutrient availability (DAFF, 2014:77). The programme includes mechanisation, production inputs and advisory services/extension. The focus is on stabilisation of production in the first four years, followed by incremental introduction of commercialisation. Subsistence and smallholder farmers are identified as the primary beneficiaries, though there are questions about what this means, especially if the model is merely a land lease for commercial production, as discussed in more detail below. Provincial departments monitor the programme, and PPPs are touted as part of the initiative.

All provinces are covered, but Eastern Cape, KZN, Limpopo and North West have 90% of targeted hectares between them. The proposal in the base document is 80% to maize and 20% to beans, with no indication of the other proposed crops (DAFF, 2013a:12). Production inputs include seed and seedlings, fertilisers and pesticides. DAFF recognises the high import component of these inputs (DAFF, 2013a:8) but there are no plans to build domestic capability or to seek alternatives that can be produced locally. APAP proposes a shift to conservation agriculture (CA) as one response to the high import component of inputs, a strategy that is primarily targeted at commercial grain farmers (see box 1 below on climate-smart agriculture and CA). For Fetsa Tlala, 100% of costs are covered for subsistence farmers, since they are not likely to be able to get production loans. For smallholders, there is a sliding scale over five years, after which farmers must get loans from Micro-Agricultural Financial Institutions of South Africa (MAFISA), the Land Bank or other financial institutions (see box 2 on financing) (DAFF, 2013a:9). The programme will also cover irrigation infrastructure where relevant, as well as support for market access, specifically through preferential procurement based on existing government laws and policies.

In 2013, DAFF said there was an unresolved question as to whether “beyond the short term, government will carry on with 100% grant financing of on-farm infrastructure and production inputs” (DAFF 2013:4). The general exit strategy (not just for input subsidies but across the board for government agricultural support) is to exit when one or more of the following conditions are met: five years of support; projects have become commercial/viable; or projects show no sign of development or growth even after extra support is provided (DAFF 2013:12).

**DRDLR initiatives**

In addition to the DAFF-led farmer support programmes, DRDLR has its own funds. Its main intervention around production inputs is the One Household, One Hectare initiative, with the Agri-Parks programme under this. The One Household, One Hectare initiative applies to communal areas, land reform land and state land, as well as farm dwellers and labour tenants. There is mention of “rekindling a class of black commercial
farmers” (DRDLR, 2016:4) and elsewhere it refers to “reviving a calibre of highly productive smallholder producers (category 1 & 2)” (DRDLR, 2016:7).

The initiative targets the 44 poorest districts in the country, and is implemented in line with APAP priority commodities, with specific commodities identified for a specific area (DRDLR, 2015:20). It seeks gradual implementation, starting with five sites with a maximum of 50 households per district (DRDLR, 2016:14).

The Agri-Parks framework is one channel for delivery of the One Household, One Hectare initiative. It is also planned for 44 districts, with initial roll-out in the 27 poorest districts. The basic idea is to develop rural development hubs linked to district gateways/growth points and to assist smallholder farmers to access land and local markets. The Agri-Parks framework clusters agricultural enterprises, and provides integrated value chain services and support, including farm infrastructure (including irrigation), extension services, production inputs (livestock, seedlings, fertiliser) and mechanisation inputs (DRDLR, 2015:18; National Treasury, 2018:842). Farm Production Support Units are established to deliver inputs, amongst other things. Theoretically, Agri-Parks plans can only be approved if they meet a number of conditions, including a clear indication of the provision of production inputs (of the appropriate type, quality and quantity) (DRDLR, 2015:35). The objective is to ensure the Agri-Parks are owned 70% by smallholders and 30% by government and commercial farmers (National Treasury, 2018:842), with state support phased out over 10 years (DRDLR, 2015). The Agri-Parks could be considered a form of centralised agro-dealers but in theory they will be designed to provide a more integrated range of support, including but not limited to input supply.

The initiative is carried out in conjunction with provincial Department of Agriculture food security programmes (DRDLR, 2016:10). DRDLR works with DAFF and other departments, and the initiative must be supported by provincial governments and signed off by district municipalities (DRDLR, 2015:25). DRDLR paid no conditional grants in financial year 2016/17 (DRDLR, 2017:48). Rather, the One Household, One Hectare initiative is funded from national allocations (DRDLR, 2016:10), budgeted under
DRDLR’s Rural Development Programme. The inception document indicates the Rural Enterprise and Industries Development sub-programme is to provide households with production inputs (DRDLR, 2016:9), although in the budget it appears this has been shifted to the Rural Infrastructure Development sub-programme, and Agri-Parks is also budgeted in this sub-programme.

As the name implies, a significant share of these resources go to infrastructure, but the provision of production inputs are part of it. Available data at national and provincial levels do not give a disaggregated figure for the amount going to production inputs or, as indicated below, who benefit from supplying the inputs. The budget for the whole Rural Infrastructure Development sub-programme rose from R712 million in 2014/15 to an allocated amount in the MTEF of R1 billion in 2020/21 (National Treasury, 2018:852).

Criteria for participation and beneficiary selection

South African farmer support is based on an application process. This is very different from FISPs in the region, which are blanket subsidies for identified categories of producers. In South Africa it is more a project model, which has pros and cons. On the positive side, it means integrated support, rather than just input subsidies. On the negative side, it means many people will not have access to the programme, especially if they are unable to negotiate the application process. It also opens the door to favouritism and patronage, especially where there are no documented criteria for participation, as appears to be the case in many provinces and districts (see below). In practice, the project model of rural development in South Africa has a poor track record. It is heavily shaped by the commercialisation agenda, which means the imposition of inappropriate commercial production models onto farmers, often by consultants who write unrealistic business plans in the abstract and then leave the so-called beneficiaries to carry the consequences (Hebinck et al., 2011).

Farmers have to comply with certain requirements prior to receiving support. The support criteria outlined in the Limpopo DARD’s Farmer Support Policy provide a sense of the requirements when applying for and receiving grants (Limpopo DARD, 2016):

- Vulnerable households: Proof of secure land tenure and confirmation from the Department of Social Welfare as to vulnerability. Support is capped at R150,000. These groups are most likely to be given direct input support (seeds, fertiliser, small implements, etc.) sourced through bulk tender provisions.
- Subsistence farmers: Proof of secure tenure and a completed and approved application. This group qualifies for both direct supply of inputs (as above) and provision of infrastructure services, primarily fencing and irrigation. Support is capped at R500,000.
- Small-scale farmers: Proof of secure tenure, a completed farm assessment report and feasibility study, proof of business registration, operational records, a detailed business plan, proof of tax registration, and market contracts or letters of intent to buy. Services are provided through contracted mass mechanisation support and farmer choice of inputs from registered service providers.
- Commercial farmers: As above, but including demonstrated capacity to manage a farm, a tax clearance certificate, proof of take-off arrangements and market contracts. Support is capped at R6 million.

Generally speaking, applications for support are based on project plans and approvals from provincial departments (provincial allocation committees). For DRDLR’s One Household, One Hectare initiative, a production plan with cash flow projections is required to consider financial support (DRDLR, 2016:13). The first step for DAFF applications is government advertisements calling for applications for the following year. In practice, extension officers assist with applications, which is positive from the point of view of enabling those who otherwise would not be able to participate to do so, but negative from the point of view that mostly only those with access to extension services will get the opportunity. DAFF estimates that the percentage of small-scale farmers reached through the extension service grew from 8% in 2010, but was still at just 14% in 2012/13 (DAFF, 2015). Sixty-four percent of farmers in a survey in Sedibeng in Gauteng said they found the application process to be cumbersome (Phatudi-Mphahlele, 2016:40).
Box 2: Exit strategies: From grants to loans

Government subsidies are not meant to be for an indefinite length. As indicated, there is a proposed maximum of five-year funding to any individual/enterprise on a sliding scale. After that, farmers must secure production loans if they need financial support. This should be understood in the context of production loans and long-term financing as a structural feature of South African agriculture. All farmers, from smallholders to large-scale commercial farmers constantly need to get into debt to continue farming. Total farming debt (primarily for commercial agriculture) was R145 billion in 2016, more than double the R70 billion in 2010 (DAFF, 2017b:79).

Black smallholders face structural constraints to accessing finance from banks and other financial institutions, with stringent and difficult requirements for access to credit, including the terms of the National Credit Act and requirements imposed by the banks. Lack of collateral, credit history and business records means black smallholders are excluded from access to finance. Government has made efforts to close this gap through the MAFISA and Land Bank loans, the latter of which are oriented towards commercial farmers.

MAFISA was launched in 2004 and is now one of the pillars of CASP. It provides small short- and medium-term loans to small-scale farmers. One billion rand was allocated to establish the fund, which was channelled through the Land Bank to intermediaries, who provided loans up to R500,000. Interest rates were capped at 8% (for farmers) and 1% for financial intermediaries, who bore the full risk of default on loans. Loans were not provided directly to farmers, but rather went to pay input and equipment suppliers. Extension officers played a crucial role in disseminating information about MAFISA to farmers and helping them apply for loans. In 2010, MAFISA comprised less than 6% of spending on emerging farmers and demand for the loans was low because other forms of support did not require repayment. By 2012, interest rates had fallen to about 9%, making MAFISA’s 8% interest rate less competitive.

Nine intermediaries were used during this period, including the Eastern Cape Rural Development Agency (ECRDA), the National Emergent Red Meat Producers’ Organisation, Kaap-Agri, and the South African Sugar Association (SASA). A National Treasury-commissioned review (Cornerstone, 2014) noted that lending practices were generally poor; for example, ECRDA provided unsecured loans to subsistence farmers and SASA used MAFISA loans to finance sugar production on communal lands by paying contractors for production and then buying the sugar from them – essentially using the funds to ‘rent’ land. As late as 2014, there were no intermediaries with offices in the Northern Cape, North West, Free State or the Western Cape, thus excluding farmers in these provinces from benefiting from the scheme.

The review also noted financial irregularities regarding intermediaries not authorised to manage MAFISA loans. Example of these include a transfer of R337 million to the Agricultural Research Council (ARC) for a tractor mechanisation programme (it is the responsibility of the province, not ARC, to manage such a programme); a transfer of R227 million to Peulwana Agricultural Financial Services – an excess of R200 million more than they were authorised to receive in MAFISA capital; and the use of funds to buy Makhathini Cotton, a liquidated company. The review noted that the structure of using intermediaries who carried full risk on defaulting loans was not conducive to the long-term sustainability of the programme. It concluded by noting that MAFISA was only viable if default rates were below 5% or if DAFF accepted the losses made on loans.

4. All information in this box is from Cornerstone, 2014 unless otherwise indicated.
Following the receipt of applications, there is a district screening process. Extension officers then develop proposals for accepted applications, as part of their public sector duties (in theory). Again, this can be beneficial for those who cannot do it themselves, but it also opens the door to top down approaches, with limited consultation with farmers. Again, there is evidence (see below) that farmers may not be consulted at all about projects being developed on their behalf. Approved projects and plans are then integrated into provincial development plans and then sent to national for final approval and funding. Funds are then received and implementation can proceed. According to one evaluation, the process could be reduced by giving power to the provinces to make decisions on supported projects (PSC, 2011:48). Allocations may be linked to priority anchor projects (for example, Agri-Parks). Overall, it appears there is huge demand, with a huge backlog in applications and approvals for support. Provinces cite budgetary constraints as the reason for the backlog, but there is evidence of underspending. Protracted procurement processes also hamper implementation (PSC, 2011:35–36).

Business plans as part of applications mainly deal with requests for assistance and costs, but they are not proper business plans because they don’t look at the farming business projections, markets, cash flow projections etc. “The confusion between a CASP project plan (focused on infrastructure) and a proper business plan (or feasibility study) suggests that much of the effort of the CASP programme is directed at the immediate output, namely the immediate support in the form of extension services, infrastructure and the other forms of support provided by CASP” (PSC, 2011:40).

A major problem is the dearth of documented criteria for selection of projects (PSC, 2011:37). “This finding implies that the selection criteria are not transparent and could be open to different interpretations and manipulation” (PSC, 2011:86). In Eastern Cape “managers also reported that at times there is political interference in the selection of projects. Politicians would approach the district for funding of projects in their constituencies” (PSC, 2011:87).

One of the few pieces of research on projects in the ground, looking at the performance of CASP in Musekwa Valley in Vhembe District, Limpopo found that somebody unknown by farmers lodged an application on behalf of the farmers (Mafukata, 2016:10). Respondents indicated that “the programme had actually never been an initiative of the farmers but of some certain “ghost” role players who might have been only interested in acquiring tender contracts from government to build the supplied infrastructure” (Mafukata, 2016:11). In the words of one farmer, “We do not know...”
how they ended up with this experiment. We do not know who advised them ... Maybe somebody colluded with other local people to bring this project here. People feel cheated and used by unknown and invisible people” (Mafukata, 2016:11).

**What production inputs are being supplied?**

While many documents mention generic production input supply as part of support, there is very little information available on the specifics. Provincial and national annual reports do not contain any detailed information. According to DAFF, “Standard Operating Procedure guides that the input support programme must be needs-driven, flexible and easy to access, and should provide resources based on the quality of the project or farm proposals. As a result, there is no one size fits all input support package that is provided, but the farmer receives the inputs based on the technical assessment reports and needs identified”.5

Bits and pieces that can be gleaned from reports indicate supply for a variety of crops, including grains (maize, wheat, sorghum), legumes and oilseeds (dried beans, sunflower, soya), horticulture (pineapples, citrus, deciduous, potatoes, cabbage, chillies, tomatoes and other vegetables) and other cash crops (cotton). While this diversity is promising, we can confidently say that all seed supplied through farmer support programmes is certified, which means mostly corporate seed. Grain and vegetable seed production in South Africa is totally dominated by a few large corporations, in particular Pannar/Pioneer Hi-Bred and Monsanto (ACB, 2017).

Efforts are being made to roll out Water Efficient Maize for Africa (WEMA) drought tolerant seed from ARC. WEMA is a PPP, coordinated by the African Agricultural Technology Foundation (AATF). Partners are the International Maize and Wheat Improvement Centre (CIMMYT), Monsanto, and the national agricultural research systems in Kenya, Mozambique, South Africa, Tanzania and Uganda. There are a number of concerns with this technology, including whether GM fits the purpose, when drought is a complex challenge that does not lend itself to a single gene solution. The limited data available raises questions about how effective it really is in boosting yields in drought conditions. Monsanto is using the hybrid maize varieties to insert other traits (including useless traits, such as MON 810 that face heavy insect resistance globally and are being phased out) that require Monsanto proprietary chemicals to be effective. Ultimately, WEMA can be considered a Trojan horse to allow private access to germplasm from Africa, as well as contribute to multinational corporate expansion into African seed systems (ACB, 2015; ACB, 2015a; Lim, 2017).

Currently WEMA varieties available for commercial use in South Africa are non-GM hybrids, but there are some recently registered GM varieties (DAFF, 2017). Four seed companies, Capstone Seeds, Jermart Seeds, SeedCo, and Quality Seeds have been registered to produce and market the seed (the non-GM hybrids), alongside ARC. ARC was producing certified seed (WE3128) on 4 ha at its facility in Makhathini, KZN, with an expected harvest of 20 tons in 2016. ARC aimed to sell at a price to recover its production costs, but not to out-compete the small seed companies. Jermart’s seed production (also WE3128) was on 4 ha in Musina and 11 ha in Malelane (Mpumalanga Lowveld), with an expected yield of 60 tons. Capstone did not have access to breeders’ seed in 2016 (PMG, 2016).

WEMA varieties are being promoted for distribution through farmer support programmes in South Africa, although there does not appear to be significant take-up yet. Part of the delay is lack of availability of seed (PMG, 2016). In 2014/15 ARC distributed 10,000 seed packs of WE3127, 500 grams each, free to smallholders in Limpopo, Mpumalanga, North West, Free State and KZN for them to try out. In Free State, the province engaged in road shows in 2016 to distribute WEMA varieties. Limpopo and Mpumalanga provincial departments had not committed to buying the varieties in 2016.

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5. DAFF 2017. “Minister of Agriculture, Forestry and Fisheries written reply to Question 2103 / NW 2325E from Ms HO Hlophe (EFF)”, National Assembly, Cape Town.
Specific mention is made of the distribution of GM maize in KZN and Eastern Cape, with no information available for other provinces. By far the most maize, soya and cotton seed supplied will be GM, given the domination of GM in these crops nationally and the dependence on commercial seed breeder-producers for supply. According to a KZN DARD official, GM seeds are found “right through the province … the majority of people are planting GMOs … commercial and small-holder … not sure of percentage or areas and quantities under GMOs … very difficult to say … You won’t find any district where you won’t find GMOs in the province” (Witt, 2018:24). According to a DARD official, there are “basically three to four big seed suppliers in the province who normally get the (DARD) tenders … Pannar, Linkseeds, Grovida, and then Sunshine for vegetables” (Witt, 2018:24). In a recent Biowatch study, “Pannar (DuPont Pioneer), which supposedly holds the largest share of the small-holder seed market in KZN, refused to comment or provide details on their activities as, according to the company, such information is ‘business confidential’. This position would presumably be taken by all companies, which would make quantifying the presence of GM crops in KZN virtually impossible” (Witt, 2018:24).

Theoretically, cultivars provided to smallholders through government programmes should be based on evaluations and recommendations for the different areas. But the procurement process does not allow requests for particular varieties. The best that can happen is that a list of specifications is provided (for example, short-term, medium-tolerance) and then the suppliers indicate the variety and the government goes for the cheapest one (Witt, 2018:25). The procurement process itself is “totally oblivious of the seasonal nature of farming” (Witt, 2018:25). “All soybean cultivars promoted by Pannar, for example, are glyphosate resistant so there is clearly very little choice” (Witt, 2018:25).

“GM cultivars – especially maize and, where climatologically viable, cotton – are used extensively in KZN’s small-holder farming communities. GM soybean usage by small-
holders appears to be limited to government programmes. Nonetheless, GM cultivars are available and easy to access in all of the districts in the province, whereas traditional seed appears to be in limited supply, not as easy to access, and under threat” (Witt, 2018:27).

For soil fertility, mention is made of various synthetic fertilisers, inoculants for soya, and liming. For pest management, there is reference to unspecified herbicides and other pesticides. Overall, there is a major lack of transparency in what is being provided and by whom.

Sourcing production inputs for farmer support programmes

Arranging the sourcing of inputs is governed by national legislation in the form of the Public Finance Management Act (PFMA), and the Preferential Procurement Framework Act 5 of 2000 and its regulations.

For DRDLR’s One Household, One Hectare initiative, “the funds under this policy will not be transferred to the households and their legal entity but bulk procurement and supply of goods and services will be done centrally. The production inputs, machinery and equipment will be procured from the legally qualifying suppliers and distributed timeously to the intended households and will be linked to Production Farmer Support Units” (DRDLR, 2016:13). Suppliers are selected based on Preferential Procurement Policy Framework Act 4 of 2000 and regulations 2001, as well as 2003 supply chain management guide, PFMA, etc. (DRDLR, 2016:15).

For its part, “DAFF does not source, supply or distribute agricultural inputs for farmer support programmes. DAFF allocates conditional grants, which are transferred to the provincial departments of agriculture. The sourcing and distribution of agricultural inputs is the responsibility of Provincial Departments of Agriculture. The provincial Departments of Agriculture source these inputs through a tender process and identify service providers or implementing agents who are entrusted with the responsibility to source and distribute the inputs to identified/approved beneficiaries.”

Generally, service providers for both input supply and mechanised services are selected through provincial tender processes. Key individuals and units at provincial level are the Chief Director: Farmer Support and Development, with procurement through supply chain management units in provincial departments (PSC, 2011:70). Requests for products and volumes are stipulated in bid documents, and bids are awarded based on the capacity to perform, price, and weighting on the Broad-based Black Economic Empowerment (BBBEE) scorecard. Service-level agreements are signed with successful bidders. Contracts are for up to three years but there are a range of periods, down to once-off supply contracts.

In most cases, provincial departments procure goods and services and provide them to participating farmers, but some provinces do not issue tenders for mass provision of inputs. In Western Cape, the department works individually with farms to determine support needs; suppliers are sourced from local providers (PMG, 2017a). KZN seeks to adopt a “new approach to funding commercial projects supported by the department, whereby the department makes direct transfers to farmers instead of procuring the goods and services” (KZN Provincial Treasury, 2017:90). Currently in KZN, transversal contracts managed by National Treasury include provision of chemicals and fertiliser (KZN Provincial Treasury, 2017:83). A transversal contract is “a centrally facilitated contract arranged by the National Treasury for goods or services that are required by one or more than one institution” (National Treasury, 2017).

There is very scant information on tenders. National Treasury has a tender database and provinces may publish some information about tenders (what is to be supplied, bidders, winners). However, available information is highly dispersed, and very difficult to navigate. There are literally thousands of tenders for different products

6. DAFF 2017. “Minister of Agriculture, Forestry and Fisheries written reply to Question 2099/NW 232E from Mr TE Mulaudzi (EFF)”, National Assembly, Cape Town.
not only in agriculture to sift through, and many different entities can issue tenders. The centralised database at National Treasury contains almost no information or details. Sometimes, there is only a tender number and the name of the winning bid is provided without any further detail. Even when there is a name, these companies do not have public websites, or even on-line presences, making it difficult to verify their ownership or focus areas.

The procurement system in KZN, particularly of the agricultural department, has been severely critiqued in past years. KZN DARD (2017) notes challenges with the functioning of the bid committees and the quality of the supplier database. The Auditor-General’s statement in the 2016/17 annual report notes the lack of appropriate evidence to support claims made against targets, and that several procurement issues remained. These included tenders being issued without inviting competitive bids, contracts awarded to bidders with records of fraud and non-performance and to suppliers without tax clearance certificates, and contracts being extended or changed without the proper approval process (KZN DARD, 2017).

Former KZN Premier Senzo Mchunu noted during a statement at the 2017 Moerane Commission investigating political violence in the province that competition between those looking to gain political seats, and the accompanying access to power and prestige, is promoting political violence. He also noted that the position of councillor, for example, enabled access to the tender process, both directly and indirectly (Savides, 2017). In 2017, armed gunmen forced their way into the Head of Department’s office, apparently to demand a tender award; supposedly many people ‘expect’ to win tenders, especially for the distribution of seedlings and chemicals, and the Department of Agriculture is a key target (Magubane, 2017).

It is almost impossible to disaggregate the outputs of each departmental programme and sub-programme to specific grants or specific budgeting streams. In most cases, funding for projects is drawn from multiple sources and grants, with outputs claimed by one or more entities. Tenders for supplies of inputs and mechanised services are not linked to the relevant conditional grant but are issued under the respective provincial department. They are not identified by
Table 2: Corporate beneficiaries of smallholder support programmes in South Africa

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Activity</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omnia</td>
<td>Not specified</td>
<td>Provision of production inputs</td>
<td>DRDLR, 2017</td>
</tr>
<tr>
<td>Pannar Seed</td>
<td>N Cape, North</td>
<td>Supply and delivery of seed (wheat and maize specifically mentioned)</td>
<td>Provincial tenders; Witt, 2018</td>
</tr>
<tr>
<td></td>
<td>West, KZN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Link Seed</td>
<td>KZN</td>
<td>Seed supply</td>
<td>Witt, 2018</td>
</tr>
<tr>
<td>Grovida</td>
<td>KZN</td>
<td>Seed supply</td>
<td>Witt, 2018</td>
</tr>
<tr>
<td>Hinterland (Senwes /Afgri)</td>
<td>North West</td>
<td>Pesticides and seed</td>
<td>Provincial tenders</td>
</tr>
<tr>
<td>Profert</td>
<td>North West</td>
<td>Fertiliser supply</td>
<td>PMG, 2017</td>
</tr>
<tr>
<td>Illovo and Tongaat Hulett</td>
<td>KZN</td>
<td>Production inputs for sugar cane</td>
<td>PSC, 2011</td>
</tr>
<tr>
<td>Landini</td>
<td>Limpopo</td>
<td>Tractor repairs and servicing</td>
<td>Nowata, 2016</td>
</tr>
<tr>
<td>Hinterland (Senwes/ Afgri)</td>
<td>North West</td>
<td>Diesel and tractor maintenance</td>
<td>PMG, 2017</td>
</tr>
<tr>
<td>NWK and Grain SA</td>
<td>North West, Free</td>
<td>Value chains for sorghum, maize, sunflower, beans</td>
<td>DAFF Annual Report 2011/12</td>
</tr>
<tr>
<td></td>
<td>State</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WIPHOLD</td>
<td>E Cape</td>
<td>Maize production</td>
<td>EC DRDAR, 2017; WIPHOLD, 2017</td>
</tr>
<tr>
<td>Astral</td>
<td>Limpopo</td>
<td>Livestock feed (national transversal contract)</td>
<td>PMG, 2017</td>
</tr>
<tr>
<td>Bayer</td>
<td>Limpopo</td>
<td>Veterinary remedies (national transversal contract)</td>
<td>PMG, 2017</td>
</tr>
<tr>
<td>Cipla Medpro</td>
<td>Limpopo</td>
<td>Veterinary remedies (national transversal contract)</td>
<td>PMG, 2017</td>
</tr>
</tbody>
</table>

Although Monsanto has provided inputs to the development of WEMA varieties without charge to the programme, the project is expanding smallholder markets for their technologies, including GM traits in more recent varieties and the associated agrochemicals. Monsanto also benefits from the use of RoundUp Ready maize in public input supply programmes, as indicated earlier.

Aside from the smaller enterprises getting contracts via preferential procurement, there is evidence of direct corporate involvement in input supply through tenders as well (Table 2). Although there is not enough public information to really know to what extent corporations are winning direct supply contracts, it certainly appears that they could be major beneficiaries of these contracts.

From 2008 to 2010 Illovo and Tongaat Hulett partnered with KZN DARD on 51 projects for sugar cane production (PSC, 2011:103).
CASP funds were transferred to these companies to facilitate the procurement process by identifying and paying the service providers once the service had been delivered according to the stipulated specifications. According to the contract, these companies act as implementing agents for CASP (PSC, 2011:106). These companies then purchase the cane from the smallholders on terms beneficial to them (see Dubb, 2016). Integration into corporate value chains through PPPs and offtake agreements is a significant part of the project to commercialise smallholders more widely. Although this is clearly happening, no information is provided in DAFF, DRDLR or provincial agriculture annual reports of such projects under CASP or Ilima/Letsema. These activities may be reported in other programme areas with input supply as part of integrated value chain approaches (encompassing input supply, production support, logistics, purchase of product and overall value chain coordination) in typical contract farming or outgrower models. A recent report on various private sector value chain integration initiatives (Okunlola et al., 2016) shows a number of such projects but there is no indication of whether funds come from publicly-funded farmer support programmes, or whether they include production input subsidies.

Eastern Cape Department of Rural Development and Agrarian Reform (DRDAR) was working with the Grain Farmer Development Association, Grain SA and WIPHOLD in 2017/18 (EC Provincial Treasury, 2017:418). It also had partnerships with WIPHOLD in Mqumza and Anglo-American in Lambasi. It had established Rural Enterprise Development (RED) hubs to make maize available for agro-processing in Bizana, Mqanduli and Ncora (plans for sorghum in Emalahleni did not materialise) (EC Provincial Treasury, 2017:416). DRDAR was doing commercial maize production in partnership with WIPHOLD in Centane (EC DRDAR, 2017:7) (see more on WIPHOLD below).

**Is government farming on behalf of smallholders?**

We have a terrible suspicion that government is farming on behalf of smallholders. There is limited information about the practical work happening on the ground, but there is some evidence of this from Eastern Cape, both based on earlier experiences with the Massive Food Production Programme (MFPP) (see box 3) and some more recent examples where a similar thing seems to be taking place.

Source: www.boergoats.co.za

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Box 3: The Massive Food Production Programme (MFPP) in Eastern Cape

The MFPP in Eastern Cape has drawn more research attention than other programmes around the country. It is a provincial programme which started in 2003/04, incorporating CASP. It consisted of two different schemes, both financed by conditional grants:

- A mechanisation scheme to enable local contractors to acquire equipment, such as tractors, harrows and ploughs; and
- Input provision, including hybrid and GM seed, inorganic fertilisers, herbicides and insecticides (Masifunde, 2010; Jacobson, 2013; Madyibi, 2013).

It mostly covered maize, with some examples of cash crops (chicory, cotton) being supported (Masifunde, 2010). Grants covered 100% of costs associated with producing 3 tons/ha of maize in the first year, on a sliding scale for five years, with farmers paying an increasing share of costs over that period (Jacobson, 2013; Madyibi, 2013).

Participating farmers simply made their land available for ploughing; thereafter everything was organised from outside (Masifunde, 2010). To realise the benefits of economies of scale, MFPP sought to circumvent small individual land sizes by insisting on contiguous blocks of land of 50 ha. These were collectively managed to reduce transaction costs associated with managing small fields. It took the form of PPPs, with private sector mentors (Madyibi, 2013:220). MFPP in Alfred Nzo District required villagers to consolidate their arable fields into larger blocks of land, which could be ‘efficiently’ cultivated by private contractors using machinery and agro-chemicals. This fits a ‘management contract’ business model. Villagers were not involved in decision-making, but received 10% of gross income in return, while ‘learning about’ commercial production (Mtero, 2012:1). There is some indication that the remainder went back into production for the following season (minus contractor and other costs, naturally).

In the Majali project in Buffalo City municipality, the land was worked collectively, based on rules devised by the participants themselves within MFPP guidelines. It was based on a production plan, including a mechanisation protocol devised and controlled by an external contractor. An executive committee and the executive officer for the service area were responsible for procuring inputs and mechanisation services, with a mentor appointed by the provincial Department of Rural Development and Agrarian Reform (Madyibi, 2013:221–2).

MFPP adopted a Green Revolution approach reminiscent of the ‘betterment schemes’ under apartheid. Officials and experts were thought to know better than locals how to manage local resources, with rural development planning from above. Large-scale commercial farming was the blueprint, with agricultural production to be raised through modernisation. In practice, the combined effects of the betterment programmes were to reduce the possibility of subsistence agriculture (Mtero, 2012; Jacobson, 2013; Madyibi, 2013).

For MFPP, there is evidence that the projects were not very successful. Production did increase in some places, and farmers also said it gave them something to do: “I know what I am going to do for the day when I wake up in the morning” (Madyibi, 2013:223). But overall the MFPP failed to meet its targets in the first five years, mainly due to high input costs and fluctuating maize prices (Mtero, 2012:6). The result was that many farmers were unable to pay the increasing share of input costs after the first year, when they got a 100% subsidy. They therefore fell out of the programme after year 1. “Most projects did not realise a big enough yield to even consider selling maize to be able to place a cash deposit as required by the conditional grant contract” (Mtero, 2012:7). Uvimba Bank eventually had to write off debts. The only ones left standing were black commercial farmers who could meet the requirements, as well as contractors.

The MFPP does not appear to have been the right model for resource-poor subsistence producers. It was top down, with a standardised plan not appropriate for conditions, and with inappropriate technologies.
Participants in the Majali project “resented the rigid model that has been imposed by the MFPP. They felt that the MFPP disregards traditional methods of cultivation, undermines local practices and knowledge, and disturbs prevailing labour patterns. Many of the technologies that they are compelled to use are not user-friendly or compatible with local conditions”, and said, “they feel they have been forced to accept preconceived ideas about agricultural production while their own forms of production and decision-making have been suppressed” (Madyibi, 2013:222).

In Ngxakaxha project in Mbhashe local municipality, there was lack of participation in planning and design. According to one member, “The intervention is too modernised and rigid; it ignores valuable and cost-effective traditional methods. Almost all the operations are mechanised. I decided to leave the project and follow my own way of farming as I could not afford the high costs of production any longer” (Madyibi, 2013:223). Members felt traditional methods, such as intra-cropping and inter-cropping of maize, beans and pumpkins is the best system because it produces different kinds of food from the same piece of land. “Some of us have decided to lease unused land outside the project so that we can incorporate some traditional methods to reduce the costs. We cannot afford the mechanisation costs when the grant period lapses” (Madyibi, 2013:224). Traditional practices of intercropping means efforts to measure success simply in maize yields does not show the full picture (Mtero, 2012:3).

In practice, participants were expected to negotiate deals with the private sector for inputs, which completely disregards participants’ low levels of experience in running farming as a business and low degree of knowledge about the introduced seeds and agrochemicals (Jacobson, 2013:210), as well as totally unequal terms of power. Practices and inputs of large-scale commercial farming were uncritically introduced to smallholders. Seed varieties developed for large-scale farming are often less tolerant to environmental fluctuations than locally used varieties (Jacobson, 2013:209). Hybrid seeds do not grow well when recycled and they are protected by plant breeders’ rights which prevent sharing and recycling of seed (Jacobson, 2013:211). Many participants recycled seed provided by MFPP. These ways of trying to modify the programme to suit local conditions were interpreted by programme management as incompetence, showing insensitivity to local practices and conditions (Jacobson, 2013:211).

The main beneficiaries of the programme were considered to be the input suppliers, mechanisation contractors and mentors, who received the standard payment agreed between them and MFPP for services regardless of production levels (Madyibi, 2013:227). According to GRAIN (2008:29) the contractors or mechanisation service providers benefited fourfold from the MFPP: they were paid to plough the fields of the participating farmers; they were also participants, qualifying for the subsidy given to farmers; they were paid if they worked on their own land as contractors; and they qualified for a soft loan from Uvimba Bank to acquire implements, such as tractors. Seed and agro-chemical companies also benefited, as the government subsidised the introduction of their expensive products to a new market of small farmers, who would otherwise not afford them (GRAIN, 2008:28). The national CASP review by Business Enterprises had a similar conclusion: “Farmers raised complaints about what they regard as poor quality inputs or infrastructure supplied by service providers. This means that the real beneficiaries are the service providers rather than the farmers” (Business Enterprises, 2015:27).

Planned interventions are often part of the development problem. They import packages that delegitimise local bodies of knowledge, organisational forms and resources. The MFPP technology package was not crafted to resonate with the life-worlds of the people targeted for the intervention, the ‘intervened’. Given the level of ‘underdevelopment’ of the agricultural sector in the countryside of the Eastern Cape, the modernisation of agriculture will be sustained only through subsidy schemes (Madyibi, 2013:228).
The basic model of MFPP has been replicated in more recent times. One example is WIPHOLD, an investment company that has received grants from CASP since 2014 to subsidise commercial grain farming activities in Centane and Mbhashe in Eastern Cape. WIPHOLD is a black women-owned investment firm. Its founders are Nomhle Canca, Louisa Mojela, Wendy Luhabe and Gloria Serobe. WIPHOLD acquired a 15% stake in Distell in 2005, and minority shareholdings in Hans Merensky Timber and Westfalia Fruit in 2006. WIPHOLD has been involved in a community farming project in Eastern Cape since 2012.

In 2014, WIPHOLD Agriculture was created with the aim of developing commercial maize farming on 4,000 ha in Eastern Cape, with 3,000 beneficiaries. This is essentially a land leasing model, where participating smallholders receive a land use fee for allowing the company to cultivate their land in communal areas. By 2017, they had 2,019 ha on 34 villages/farming blocks, with the aim to increase this by 500 ha a year to 2021. There were 1,476 landowners and 547 project members in 2017. Working capital loans are put into the project, based on government grants since 2014, and in 2015 Old Mutual and Nedbank started co-funding, providing interest free loans for working capital (WIPHOLD, 2017:2). Nedbank is lining itself up to provide ordinary production loans in future. WipEquipment was established to provide mechanisation services. The project is run through the Centane Agricultural Development Company. WIPHOLD has a 40% shareholding, and community members hold 60%. WIPHOLD runs the farming operation with community ‘participants’ as labourers. Participating landowners get 400 kg of maize per season as land use payment. They face penalties for poor performance, such as theft and livestock in the fields. There are recent efforts to set up a wholesale cooperative that can sell maize and provide production inputs, such as seed, fertiliser and chemicals.

Another example of a similar approach is that of Fetsa Tlala projects in Nkonkobe in Eastern Cape. In 2014/15 the municipality had eight Fetsa Tlala projects on 300 ha. Communities with land available were identified. Members were encouraged to join, which meant making their fields available and making an own contribution of R1,800/ha in 2014/15, and forming a group. In one case, the contribution was covered by a loan from the ECRDA (NFA and ARDRI, 2015:2) but a failed harvest put the farmers in debt and they were being threatened with legal action to repay the loans (NFA and ARDRI, 2015:4). The financial contribution is prohibitive for some (NFA and ARDRI, 2015:4). The government contracts a service provider to undertake land preparation, planting and perhaps spraying. Participants harvest and determine what to do with the crop (NFA and ARDRI, 2015:1). Roundup Ready (GM) yellow maize was used in all projects in 2014/15 (NFA and ARDRI, 2015:1).

Some groups started participation in the cropping programme in 2010. This was before Fetsa Tlala launched, but they were
in a similar provincial programme prior to Fetsa Tlala. Some participants felt that the programme was similar to pre-1994 farming initiatives implemented by the Ciskei administration (NFA and ARDRI, 2015:2). Participants said the projects did generate some income, but benefits were far less than they had anticipated (NFA and ARDRI, 2015:2–3). Farmers said they want to farm for themselves and expand their fields. Government support is essential but existing support is not enabling them to realise these goals.

Contractors were viewed as a problem. They did not provide services on time; service was of poor quality, including spraying herbicides for weeds which did not die; contractors did a rush job; and they were not known to participants, coming from outside the area (NFA and ARDRI, 2015:4). Farmers suggested a move away from contractors towards local service providers that farmers know (NFA and ARDRI, 2015:6). Farmers also faced a lack of choice of crops and varieties, and the use of “chemical fertilisers”. Participants were not happy that the seed they were given (Roundup Ready maize) could not be recycled for the next season (NFA and ARDRI, 2015:5). Overall, they felt that R9,000/ha was excessive and that the project would not be sustained when government reduced or withdrew support (NFA and ARDRI, 2015:6).

“The opportunity to plant other crops was seen by one group as a means of reducing the risk of relying only on maize. All in all, discussants wished to make more use of their traditional methods, such as use of manure rather than chemical fertilisers, use of open-pollinated varieties rather than GM seed, and inter-planting rather than mono-cropping” (NFA and ARDRI, 2015:6). Farmers requested more consultation on their needs before plans were hatched on their behalf (NFA and ARDRI, 2015:6). Farmers faced poor channels of communication, and did not know who to interact with if they encountered any issues (NFA and ARDRI, 2015:7).

According to the researchers, “while the 2014/15 production season was generally a poor one for Nkonkobe’s dryland crop farmers, the yields on Fetsa Tlala projects were especially bad. The best performing of the projects we interviewed produced 443 bags on 40 hectares, which is less than half a ton per hectare. The approximate purchase price of this quantity of maize would have been about R62,000, however the production cost at R9,000 per hectare was R360,000. Meanwhile, despite the generally dry conditions in Nkonkobe this past year, other small-scale maize farmers were getting yields that were at least 60% to 80% higher” (NFA and ARDRI, 2015:8).

This is supporting commercial agribusiness use of communal land with community members as labourers or middlemen, such as contractors and mentors. In the best case scenario, smallholder support grants are being used for welfare, and in the worst case they are being channelled to agribusinesses to lease and cultivate land that is not theirs.

Commercial leasing of underutilised land ‘locked up’ in communal areas or land reform programmes is a model linked to the neoliberal corporate food regime (see Holt Giménez and Shattuck, 2011). There is minimal information available but the policy can and does appear to lend itself to this. This perception that this programme is about commercial leasing of land is reinforced by the way government departments report on ‘hectares planted’ and some even indicate this is done by them. This needs further investigation. Is government cultivating land itself directly as part of its programming? What role is there for ‘community’ and ‘beneficiaries’, i.e. those enrolled in the programme on whose land commercial production will take place? Is it simply as labourers and security, with a share of the crop and/or some financial payment for use of the land? If government is, indeed, farming on behalf of smallholders and rural communities, or supporting agribusinesses to do so, this is not a smallholder support programme.

There may also be variations of contract farming and there could also be some support for smallholder production for local markets. As indicated, information on the specifics of the models being used is not easy to find. There is a need to find out more about ways in which smallholder farmers are being drawn into production, or are being further marginalised and their land leased out.
Review of recent evaluations and assessments

Not much work has been done on looking at farmer support programmes in practice in South Africa, even though R20 billion has been allocated to CASP and Ilima/Letsema over 10 years. There are a few national reviews of CASP and farmer support programmes commissioned by government in this time (PSC, 2011; Business Enterprises, 2015; Khulisa, 2016), plus a few more recent field research studies on aspects of CASP or farmer support in specific locations (Mafukata, 2016 in Limpopo; Phatudi-Mphahlele, 2016 in Gauteng; Witt, 2018 in KZN; a few more that are not accessible; plus a couple of others that are not relevant to our immediate study, since they look at extension and training specifically). The few studies on MFPP and Fetsa Tlala in Eastern Cape were discussed above. We could not find any national reviews or local case study research on Ilima/Letsema. There are a few earlier short studies on Siyakhula/Siyazondla in Eastern Cape, household food security initiatives in the vein of Ilima/Letsema, which we have not covered here. There are a few reports older than 10 years that we did not review here.

This section takes a look through this material. We did not pull out all information relating to farmer support programmes, since these are very wide, but rather sought to look specifically for information and analysis relating to production input supply: seed; fertiliser/soil fertility; and pesticides/pest management. Having said this, however, we need to recognise that production input supply cannot be divorced from wider overall support activities. The types of inputs provided are inextricably linked to the broader development approach and packages that emphasise commercialisation.

Khulisa (2016) conducted an evaluation of farmer support programmes for the national DPME. It consisted of a review of 158 articles and reports, of which 66 were identified for in-depth review. Not all of these look at the South African programmes specifically. They also draw on regional studies, where the context is somewhat different (although lessons can still be learned). Business Enterprises at the University of Pretoria (2015) conducted a CASP evaluation for DPME, with an in-depth review of programmes in Western Cape, Mpumalanga, KZN and Eastern Cape. The Public Service Commission (PSC, 2011) conducted an earlier CASP evaluation in the same provinces. Findings of a few field work research reports from specific locations are integrated into the overall results where relevant.

Overall key findings from the Khulisa study (2016) included:
- Strong support for the impact of land access, building capacity (especially in production standards), off-farm public infrastructure and R&D investments;
- Moderate support for the impact of input provision, extension, on-farm infrastructure and technologies, microfinance or cash grants, and cooperative membership;
- Insufficient evidence one way or another on benefit of commercial farmer mentorship, market liberalisation, or policy and infrastructure reforms; and
- Insufficient progress towards food security, and limited success toward sustainable incomes.

Key findings of the CASP review by Business Enterprises (2015:vii) were:
- In almost all the provinces, the indicators of food security suggest that the food security situation of the farmers and their households has not improved since their participation in CASP;
- There have been some increases in agricultural production but unevenly geographically and by product, with the main increases in livestock and vegetables;
- Self-reliance in projects is limited;
- Access to inputs has increased but beneficiaries find it inadequate, expenditure-led and not driven by the real needs of farmers;
- Coordination within agriculture and across departments is limited; and
- Scope and coverage is too wide, resulting in resources being spread too thinly.

Business Enterprises review found an increase from 8 ha to 14 ha in the average area planted following CASP, but very
unevenly. The biggest jumps were in maize in Eastern Cape and Free State, wheat in Western Cape, beans in Free State, and sunflower in North West, but all by relatively small amounts (Business Enterprises, 2015:50). There were significant increases in production volumes before and after CASP for maize (Eastern Cape, Free State, Northern Cape and Gauteng), sugar cane in KZN, vegetables (Eastern Cape, Gauteng, Western Cape and North West) and wheat in the Free State (Business Enterprises, 2015:52).

The review found slight increases in beneficiary incomes, by 36% on average over the assessment period, but inflation was not taken into account, which means a decline in real terms (Business Enterprises, 2015:58–9). Forty nine percent of respondents indicated they produced more food and ate more regularly after CASP than before, 39% indicated greater diversity of food and of diets, and 38% indicated improvements in amount of surplus food to sell (Business Enterprises, 2015:60). Eighty-five percent of evaluated projects sold some produce. Around a third of those who sold were selling into formal markets and a similar figure for informal markets (Business Enterprises, 2015:63). However, this does not indicate the extent to which CASP was responsible for these changes. There was a small average increase in employment on farms after CASP, mostly in Western Cape, and mostly part-time employment (Business Enterprises, 2015:61).

In the PSC study, membership of farmer associations was strongly correlated with successful projects (PSC, 2011:xvii). The bulk of CASP Pillar 4 funds for on-off farm infrastructure and production inputs went to infrastructure. This produced a number of white elephants, which lacked other elements of integrated support, including production inputs (PSC, 2011:33). PSC argued that success in the programmes is defined on the basis of outputs (for example, infrastructure built, production inputs delivered) but not on outcomes (for example, production levels, incomes, food security), and suggested the need to improve the quality of performance information (PSC, 2011:37). This resonates with our above comments about the dearth of credible information.

A survey of 300 farmers in Sedibeng District (of whom some but not all were CASP
beneficiaries) found 91% were members of farmer organisations (Phatudi-Mphahlele, 2016:6). Less than half (45%) agreed that CASP had contributed to improving their food security (Phatudi-Mphahlele, 2016:41). The study reported a big positive difference in income from cereals and vegetable production for CASP beneficiaries, compared with non-beneficiaries (Phatudi-Mphahlele, 2016:46). However, this does not imply causality, since these farmers may have been better off to begin with, and this variable not controlled for.

Khulisa key findings, specifically with regard to production input supply, indicated moderate support for the impact of input provision (mainly seeds, fertiliser and pesticides) on farmer wellbeing and productivity. The report indicates that, generally, input interventions are effective at increasing food security, but relies on a few studies from outside South Africa to make this argument. The report also says that “rigorous analysis of multi-country data over several decades has shown that there may be more efficient and sustainable ways of encouraging input use” (Khulisa, 2016:7). Citing a multi-country review conducted by Jayne and Rashid (2013) Khulisa concluded that the costs of input subsidy programmes generally outweighs their benefits. “The literature suggests that there is moderate support for the provision of subsidised recurrent inputs (seeds, fertiliser, pesticides, etc.). There is stronger support for the impact of subsidising subsistence farmers with capital-related inputs such as water tanks, watering cans, and fencing, rather than recurrent inputs” (Khulisa, 2016:7).

The Business Enterprises CASP review found that only 9% of respondents in the national survey indicated seed availability as good, with timeliness of delivery and sufficiency as issues. A quarter of respondents who received inputs had not asked for them though they did find them useful (Business Enterprises, 2015:xi). “Farmers have asked for certain support but received something else or quantities supplied were insufficient” (Business Enterprises, 2015:28). Some project managers indicated that they were provided with inputs they did not need for their operations (Business Enterprises, 2015:65).

Inputs supplied in selected case studies included fertiliser and fruit trees in Western Cape and Mpumalanga and citrus trees in Limpopo. All of these had a commercial orientation. In Mpumalanga, the case study indicated low production after the end of CASP support attributable to lack of fertiliser, pest control and erratic irrigation (Business Enterprises, 2015:22). In KZN cabbage seedlings that were distributed to farmers ended up dying because of lack of irrigation (Business Enterprises, 2015:27).

A stratified sample containing 451 projects as part of the Business Enterprises CASP review showed that 70% of those supported were emerging/commercial farmers, with the highest percentages in Gauteng, Mpumalanga, North West and Northern Cape (Business Enterprises, 2015:34). Seventy-four percent of surveyed projects had requested production input support. This was high in most provinces, although lower in Gauteng and Mpumalanga (but based on a very small sample in Mpumalanga). Sixty-one percent of respondents indicated receipt of production inputs, and 57% felt the inputs received were sufficient. Eighty-three percent indicated satisfaction with input quality, and 67% were satisfied with timely availability (Business Enterprises, 2015:40). According to respondents, fertiliser and seed availability improved slightly as a result of CASP, from a dismal 3% of respondents prior to CASP to around 12.5% after CASP (Business Enterprises, 2015:41). This still indicates a major issue with availability of seed, and potentially opens the space for more local solutions based on local production of diverse varieties. We take this up in the conclusions below. Support received from private service providers (contractors) was considered by both beneficiaries and government officials to be either incomplete or of poor quality (Business Enterprises, 2015:69).

Amongst 300 surveyed farmers in Sedibeng in Gauteng, just 6% were provided with production inputs (Phatudi-Mphahlele, 2016:35). Forty-four percent said provision of production inputs and farm implements was inadequate (Phatudi-Mphahlele, 2016:40).

Only around a quarter of respondents in a study in Vhembe District in Limpopo
were familiar with CASP. Suspicions about government intentions were rife, based on historical experience under apartheid of being cheated out of livestock after participating in a government programme. Rumours circulated that at some stage farmers would have to pay for the services they got (Mafukata, 2016:10). Forty-five percent of the 55 respondents in this study expressed moderate satisfaction with CASP, while 35% were dissatisfied (Mafukata, 2016:11). Table 3 indicates Khulisa’s assessment of differentiated farmer priorities at a national level. What is interesting about this is that production inputs do not feature as a priority for any category of smallholder farmers. Water, land, infrastructure, extension and finance were identified as priorities cutting across multiple smallholder farmer categories, with access to diverse on and off farm infrastructure important for success as measured by programmes.

Business Enterprises found that 44% of (undifferentiated) respondents in the projects they sampled indicated that receiving production inputs was a priority support need from CASP. This was highest by far in KZN. Input supply was the second highest priority for responding farmers overall behind on-farm infrastructure (Business Enterprises, 2015:35). Amongst 300 smallholders in Sedibeng in Gauteng, poor/declining soil fertility and low yields were identified as the second and third biggest constraints to farming (inadequate land top) (Phatudimphahlele, 2016:38). These two studies indicate there may be some demand for production inputs and this demand could be quite strong in some places.

<table>
<thead>
<tr>
<th>Farmer category</th>
<th>Key support requirements</th>
</tr>
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<tbody>
<tr>
<td>Subsistence-oriented smallholders</td>
<td>• Water access;</td>
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<tr>
<td></td>
<td>• On-farm capital inputs (for example, machinery);</td>
</tr>
<tr>
<td></td>
<td>• Community (farmer to farmer) extension;</td>
</tr>
<tr>
<td></td>
<td>• Local savings and loans.</td>
</tr>
<tr>
<td>Smallholders in informal (loose) value chains</td>
<td>• Water rights;</td>
</tr>
<tr>
<td></td>
<td>• Land tenure reform;</td>
</tr>
<tr>
<td></td>
<td>• Co-operative membership with LocalGAP standards via provincial extension services;</td>
</tr>
<tr>
<td></td>
<td>• Mobile market information dissemination;</td>
</tr>
<tr>
<td></td>
<td>• Microfinance/revolving credit;</td>
</tr>
<tr>
<td></td>
<td>• Small-scale agro-processing.</td>
</tr>
<tr>
<td>Smallholders in formal (tight) value chains</td>
<td>• Transformation of water rights;</td>
</tr>
<tr>
<td></td>
<td>• Land tenure reform;</td>
</tr>
<tr>
<td></td>
<td>• Off-farm infrastructure (particularly roads and information and communications technology);</td>
</tr>
<tr>
<td></td>
<td>• Subsidised user pay system for private extension and advisory services;</td>
</tr>
<tr>
<td></td>
<td>• Cash grants or access to microcredit (not both);</td>
</tr>
<tr>
<td></td>
<td>• Producer forums.</td>
</tr>
<tr>
<td>Small-scale commercial farmers</td>
<td>• Transformation of water rights;</td>
</tr>
<tr>
<td></td>
<td>• Land tenure reform;</td>
</tr>
<tr>
<td></td>
<td>• Needs-based off-farm infrastructure;</td>
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<tr>
<td></td>
<td>• Specialized, commodity-linked extension support, incentivising private sector specialists such as agricultural economists for market information, and veterinarians and agronomists to assist with product quality checks;</td>
</tr>
<tr>
<td></td>
<td>• Wider range of finance products;</td>
</tr>
<tr>
<td></td>
<td>• Research and development.</td>
</tr>
</tbody>
</table>

Source: Khulisa, 2016
On institutional issues the Khulisa evaluation indicated that the focus of farmer support interventions was weak. The results were that marginal groups were not being reached as intended; resources were being spread too thinly; and it is difficult to determine what services are required if there is no clear definition of the target groups. Khulisa found that many government programmes provide similar services, largely targeted at crop farmers. They found that weak coordination and poor efficiency have hampered farmer support efforts (Khulisa, 2016:x).

Business Enterprises found lack of trust between farmers and the provincial departments of agriculture, and lack of openness on the part of departments especially with regard to finances (Business Enterprises, 2015:65). According to national government officials, CASP does not have an information management system and this makes reliable reporting on CASP implementation difficult. This also affects CASP monitoring and evaluation negatively. Provincial departments of agriculture are not properly resourced to implement CASP. This manifests itself in poor project planning as well as poor project selection at the provincial level (Business Enterprises, 2015:66). According to provincial government officials, lack of skills in technical areas hampers delivery, and the grant approach encourages dependency (Business Enterprises, 2015:67). The evaluation further found that there was a focus on big projects without a proper analysis of market viability. Short financial cycles lead to short-term planning at the expense of longer-term infrastructure and support, and there is too much emphasis on infrastructure according to provincial officials (Business Enterprises, 2015:68).

PSC also found that lack of data and records hampered their evaluation (PSC, 2011:12), and they indicated that most projects are without data on income and expenditure (PSC, 2011:58).

To round up on the key findings from evaluations, Khulisa recommended that definitions of smallholders be aligned with targeting strategies. They proposed that a new delivery mechanism is needed for support to subsistence producers. National Treasury could provide a Conditional Grant Schedule 4 to enable DAFF to contract with non-government organisations (NGOs) and other service providers. Regulations of the Comprehensive Producer Development Strategy (approved by DAFF Exco in 2017 but not yet publicly available) could enable implementation of this programme, with existing the Community Work Programme as a mechanism to fund stipends. Khulisa Management Services called for a single programme including other departments (Khulisa, 2016:xi). They proposed that the Comprehensive Producer Development Strategy and Extension Policy should be in line with the support services proposed for the four categories of smallholder farmers (Khulisa, 2016:vii).

At the other end of the smallholder spectrum, Khulisa proposed that service provision to smallholders in formal (tight) value chains should be enabled through policy reform and linkage with the private sector (Khulisa, 2016:xii). In this context, seed needs will be shaped by buyers in commercial value chains. Witt (2018:29–30) also concluded that there is need for diverse strategies to accommodate different farmers. Commercialisation is not suitable for everyone, and there must be programmes that accommodate those who are not likely to become commercial at any stage, with a separate programme for commercial support (ibid.). Business Enterprises (2015) tended more towards the argument that the entire programme should be channelled and focused on support for commercialisation, including expansion beyond agricultural production and into other parts of the value chain. They made specific mention of agro-processing, but this could also apply to input production. Business Enterprises also proposed farmer-to-farmer exchange for sharing and learning (Business Enterprises, 2015:75).
Key issues and way forward

It is difficult to evaluate production input subsidies in isolation from other aspects of farmer support programmes, such as extension, irrigation and water, market support, etc. The evidence suggests that production inputs form a relatively small part of more integrated support.

We can acknowledge some positive features of South African smallholder support. It is integrated support, not just input supply, like most FISPs in the region. A diversity of crops are supported in the programmes and there is room for more. There is some recognition of the need to provide differentiated support to different food producers, and acceptance that there is no automatic linear movement from subsistence to commercial and that, even so, subsistence producers should still receive support. It is not clear from a scoping of this nature whether there is still a ‘missing middle’ of support, with household food security in a welfare mode on the one hand, and then a focus on smallholders moving to commercial farming on the other, while a middle section of smallholders producing in loose value chains may be lacking in support. This needs field research to see who are being supported and how.

There are also a number of negatives with the way farmer support programmes are being carried out. It is a top down model, with apartheid continuities in style and approach. It appears in many instances that farmers are not consulted about plans. These are imposed from knowledgeable experts from outside (Hebinck et al., 2011) and reveal a general lack of recognition or acknowledgement of local and indigenous knowledge and capacities. The project model also has its weaknesses because it concentrates and channels resources to a few, and opens the door to favouritism and patronage, especially in the context of limited transparency.

The overall model displays an excessive emphasis on commercialisation of smallholders and ‘farming as a business’. This is especially from national level where there is a strong focus on commercially viable crops, mechanisation, irrigation and value chain integration. It is also quite prevalent in some provincial strategies, for example, Eastern Cape and KZN. The project model is based on unrealistic business plans, which, in turn, adopt the historical large-scale commercial farming template peculiar to apartheid South Africa. Farmer support efforts seek to insert smallholders into concentrated product markets, without any structural alterations in the wider balance of power and resources.

Evidence of farming on behalf of smallholders, through PPPs with agribusiness or contractors, is a big concern. We have a strong suspicion this is the standard practice for the realisation of the target of cultivating underutilised communal and land reform land. This cannot be considered a smallholder strategy as it is not building smallholder capability; yet it counts towards delivery of smallholder support programmes. Further investigation is required to see whether this indeed is a widely practised model.

Flowing from the commercial orientation is an uncritical adoption of a Green Revolution model, which means hybrid and GM seed, synthetic fertiliser and pesticides produced by multinational corporations, regardless of which smallholder categories are being supported. These technologies are not appropriate for the needs of most smallholder farmers, who are resource poor and will not be able to sustain high input costs without ongoing subsidy of these inputs. Smallholder farmers themselves have articulated this, but their views in this regard are generally considered backward and dismissed. Even commercial smallholders might have more opportunity in local niche markets for crops and varieties outside the mainstream than trying to compete with large-scale commodity producers in hybrid and GM production.

There is strong evidence that corporations are major beneficiaries of input supply, both as producers of the inputs, as well as corporate capture of supply contracts. These are in addition to PPPs that allow corporations to use smallholders and their land to reduce their input costs of raw material for processing, subsidised by the public purse. All evidence points to limited benefit for the smallholder farmers who are
involved, as they are adversely incorporated into buyer driven chains, where atomised and scattered smallholders do not have any market power in the face of concentrated buyers. Contractors and mentors are the other main beneficiaries of smallholder support programmes, even though there is little evidence that they add long-term value.

There is a serious lack of transparency in tenders given, the role of corporations, and the contents of input packages. Information is dispersed, hidden and not readily available for public access, despite these being public funds. At the very least, there should be a publicly accessible, centralised database listing all tenders for production input supply, winning bidders, contents and quantities, value and length of contract, location, contracting party, etc. It seems imperative that monitoring, accountability and transparency shortfalls need to be tackled as a matter of urgency. Otherwise funds are getting lost in the system and smallholders are not benefiting.

There appear to be serious implementation challenges, both by service providers and suppliers as well as internal to government departments at all levels. Reporting is very poor and information needs verification and checking in practice to see what is happening on the ground. There is a very limited amount of research on smallholder farmer support programmes in South Africa, with a few overall evaluations and specific case studies on CASP, and nothing on Ilima/Letsema.

Some suggestions for the way forward

This paper is being written at a time of potentially big changes in land redistribution policy and approaches, with a parliamentary majority voting to review the Constitution to allow for expropriation without compensation. We cannot go into the intricacies of this debate here. However, it is clear that any strategy that seeks a significant broadening of the base of smallholder production will require a significant redistribution of resources to smallholder farmers and their households. We will not discuss the merits or otherwise of whether land nationalisation or expropriation without compensation will realise this objective. However, given the commercial orientation of the vision for agricultural development in South Africa by the ruling party and opposition parties alike, it does not appear that the froth about expropriation is being accompanied by a shift in the vision about a future agrarian structure that places smallholder farming at the centre.

As it currently stands, land redistribution already disempowers supposed beneficiaries, because they are made wards of the state.
They are not given ownership and/or long-term tenure security on the land, but are given a short time period in which to prove their commercial prowess or fall by the wayside, with the state retaining ownership of the land. In our current context of weak political accountability, there is too much room for abuse. Smallholder support programmes fit into the same model, with the state acting on behalf of smallholders, rather than providing appropriate infrastructure and support to allow for a self-sustaining smallholder farming class that can make a substantial contribution to food production and ecological management in the country. This requires a new vision for agrarian transformation. A rapid and significant redistribution of resources, including land, is an essential part of this, but land should go to the dispossessed directly, rather than being mediated through the state or the chiefs. Of course, ownership is always mediated through the state, but we are talking about direct state ownership as opposed to establishing and managing the parameters for ownership by the inhabitants of a country as individuals, households and communities. Subdivision of land; water access; planning that allows for crop and livestock production, settlement, and expansion over time; and diversified and appropriate support are all necessary. Differentiated support for different smallholder categories, in line with Cousins (2014), Khulisa (2016) and Witt (2018) is the way to go. This must crucially also include gender differentiated support, something that is left out of government documentation, as well as evaluations and research studies. Support needs may, at times, differ between men and women and these differences must be taken into account when designing differentiated programmes. More emphasis could be placed on local and public sector markets for diverse crops and varieties that are already identified in policies, but don’t seem to be getting support as much as integration into large commercial markets.

Local markets are identified in policy as one option for smallholders. Efforts are being made to build local aggregation and distribution points, such as fresh produce markets and rural hubs, where agricultural and other products can be bought and sold or otherwise exchanged. There are also informal and very localised input supply and food markets, where formally unregulated products may circulate, including smallholder produce. There certainly are norms and standards applied at consumer level, based on trust and repeat business.

Niches such as non-GM, local maize varieties could be supported, rather than trying to insert smallholders into maize commodity markets, as appears to be the case in quite a number of provinces. Diverse production of vegetables to introduce micro-nutrients into diets can link to indigenous crops and varieties.

Public procurement is another possible market route that has already been identified. There is meant to be a 30% smallholder target for output, but there is no data available to date, and it is highly possible that it is not happening. We need to investigate whether this is happening and what the obstacles may be. If farmer capacity is an obstacle, then support programmes should be oriented to building this capacity to meet demand that already exists.

There is some precedent in the Eastern Cape provincial local economic development (LED) framework to expand preferential procurement to input supply. The strategy calls for at least 50% of procurement spend to be on small, medium and micro enterprises (SMMEs) and cooperatives in the province. For agriculture the key drivers will be input supply (inputs, fertiliser, chemicals and mechanisation) with deliberate promotion of SMMEs and local procurement (EC Provincial Treasury, 2017:419). This is a good opening to upstream transformation but we have to go beyond input supply, where contracted suppliers are merely agro-dealers who act as conduits for corporate products.

Preferential public procurement should, therefore, be extended to include production of inputs in a process of upstream diversification. The current framing of inputs (fertiliser, pesticides) is heavily based on the commercial orientation and corporate value chains. By default seed is certified, commercial, mainly corporate seed. This must be reframed to consider diverse seed,
soil fertility and pest management, and the automatic assumption of corporate inputs as the only possibility should be abandoned. It could well be that currently there are no black- and women-owned and farmer-based enterprises that can meet demand even in localities (though this is doubtful). But then the task is to provide support to build the capacity to supply more diverse inputs at local level and beyond.

Some groundwork for this is already in place. On seed, the recently approved National Plan for Conservation and Use of Plant Genetic Resources for Food and Agriculture (DAFF, 2017c) recognises the important role of smallholder farmers and associations in seed breeding and production, and calls for crop diversification, development of farmer varieties, and support for farmer seed production and distribution. There is lots of room to support local nurseries of diverse plants in demand locally.

There are recent indications by the KZN Member of the Executive Committee (MEC) that KZN is amenable to opening up to farmer seed production, saving and reuse, including seed banks (Witt, 2018:25). KZN DARD indicates it is seeking “to establish a black seed producer and their focus would be on open pollinated maize ... and beans” (Witt, 2018:26). If these recent pronouncements “are taken at face value, these initiatives appear to be geared towards the regeneration of subsistence systems based on the use of traditional and localised resources as a bulwark against poverty and hunger” (Witt, 2018:27).

In Limpopo, two or three seed processing ventures are to be established in the MTSF 2014–19. One is already completed at Madzivhandila College of Agriculture. Five thousand tons of seed varieties are to be produced under dry-land conditions and processed (Nowata, 2016). Although this will be commercial seed, it is an opening for smallholder farmers interested in seed production. We will need to investigate further to identify ownership and the extent to which smallholder farmers are involved in production, as well as the extent to which diverse seed could be produced at the facilities.

Current South African seed laws were captured by corporate interests long ago. The single-minded commercial focus of these laws means that, if smallholder farmers or small enterprises owned by farmers or others want to enter into crop improvement, or seed multiplication and distribution activities they are forced to conform to laws and regulations that do not accommodate their diverse requirements. In particular, breeding processes, variety registration procedures and requirements, and seed multiplication quality standards are geared towards standardised commercial processes. They limit room for farmer varieties and farmer activities. Specific laws, policies and regulations for farmer varieties and farmer activities are required in order to realise meaningful upstream diversification, as part of agrarian transformation.

On soil fertility, although we have issues with CSA/CA, as deployed in the mainstream, at base it is recognition of the ecological and cost constraints of dependency on industrial production inputs. DAFF’s Land Care programme also supports ecologically sound land conservation and use techniques. These processes potentially open the way for support to on-farm or small enterprise production of compost and manure. Pest management alternatives are less developed and more challenging in some ways, but there is already some work on integrated pest management (IPM), for example, that could be considered, supported and adapted for smallholder conditions.

There are many benefits of an upstream diversification approach, including local economic development, and transformation away from concentrated and corporate-dominated input supply and support for black-owned and women-owned enterprises. Diversification of inputs is more related to what farmers are requesting in a number of the cases studies. It has ecological benefits of agricultural biodiversity and soil health, and there are individual and household nutrition benefits as a result of dietary diversification.
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Annex 1: Provincial Agriculture Department budgets

Sources: Compiled from provincial Estimates of Revenue and Expenditure, 2013 and 2017

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<tbody>
<tr>
<td>E Cape</td>
<td>1,535</td>
<td>1,484</td>
<td>1,617</td>
<td>1,731</td>
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<td>2,205</td>
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Table 1.3: Farmer support programmes as percentage of total provincial agricultural budgets

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## Annex 2: CASP conditional grants and beneficiaries

### Table 2.1: CASP conditional grants to provinces (R’m)

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Sources: Compiled from provincial Estimates of Revenue and Expenditure, 2013 and 2017.
### Table 2.2: Number of farmers supported through CASP

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Sources: DAFF Annual Reports; 2012/13 CASP and Ilima/Letsema combined because no disaggregated information provided.
Annex 3: Ilima/Letsema conditional grants, beneficiaries and hectares planted

Sources: Compiled from provincial Estimates of Revenue and Expenditure, 2013 and 2017

Table 3.1: Ilima-Letsema conditional grants to provinces (R’m)

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### Table 3.2: Number of farmers supported through Ilima/Letsema

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*Note: E Cape includes information from 2014-15*
### Table 3.3: Hectares of land under agricultural production (crops and livestock) through Ilima/Letsema

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Input supply in South Africa’s smallholder farmer support programmes:

A tale of neo-apartheid plans, dodgy dealings and corporate capture