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**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

**Select Committee on Land and Mineral Resources**

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**LINKING OF FOOD SECURITY  
PROJECTS (FETSA TLALA)  
WITH AGRI - PARKS.**

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## Background

### 1. BACKGROUND

The department had not supplied the committee with a presentation at the time of drafting this briefing document. The purpose of the information was straight-forward and it was expected that the Department of Agriculture, Forestry and Fisheries (DAFF; The Department) was going to clarify the way forward with the financial allocations to CASP and Fetsa Tlala related food security projects in the light of the drastic budget changes announced for the current financial year. The committee, upon being briefed by the Department of Rural Development and Land Reform with regards to their Agri-Village developments, also asked how the Fetsa Tlala funding can/will be linked with the similar-focused projects of the DRDLR. This question makes further sense from the NCOP perspective as the two national departments often operate as a single entity at provincial level, with conditional grant funding allocated to the same accounting entity.

Of concern to the committee is the significant need for food security interventions at provincial level, and the challenge that has been identified by government auditing and performance monitoring entities with regards to the performance of DAFF and the DRDLR programmes that contributed significantly towards past food security interventions. The rationale behind the briefing request can therefore be summarised as a request for DAFF to indicate how diverting 70 percent of CASP funding to Fetsa Tlala initiatives would improve the provincial expenditure on food security and strengthen IGR between the Department and other role-players, such as the DRDLR. The latter has been identified as a challenge during the evaluation of CASP and the CRDP. The channelling of significant funding into Fetsa Tlala would not yield better results than what was obtained from past DAFF and DRDLR programmes if the provincial challenges are not resolved.

The brief will shortly summarise the challenges related to past DAFF provincial food security programmes, before posing a set of questions with reference to the current shift from CASP to Fetsa Tlala. Government reductions on expenditure across departments also imply that the remaining funds need to be better managed. It was reported<sup>1</sup> that For the MTEF commencing at 2014, R187.6 million will be redirected from CASP to give effect to Cabinet-approved reductions. The FFC reported this action as **being the result of underspending in CASP.**<sup>2</sup> The Minister of Agriculture, Forestry and Fisheries, the Honourable Mr Senzeni Zokwana has acknowledged the challenges highlighted in this brief and made the following commitment a year ago:<sup>3</sup> *"I am therefore pleased to announce that a National Agricultural Information Management System will be institutionalised to improve on the planning, monitoring and evaluation of all DAFF funded projects. Thus, in going forward, we will require all Provincial Departments of Agriculture to present economic development plans, an analysis of how best project selection and allocation of all grant funds could lead to local*

<sup>1</sup> FFC (2014).

<sup>2</sup> Ibid.

<sup>3</sup> Zokwana, S. (2014).

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*economic development. Colleagues we must be able to measure the successes and failures of our projects, as well as the potential impact at an economic level.*<sup>4</sup> It is therefore also based on this commitment that the committee looks forward to receiving details regarding the management and reporting structures for provincial food security programmes.

### 2. RECENT TRENDS IN GRANT ALLOCATION AND SPENDING

With regards to the management of CASP, the Auditor General reported the following findings: **"The expenditure for the programmes funded by the Comprehensive Agricultural Support (CASP) Programme Grant was not monitored in accordance with the framework for the allocation, as required by section 9(1)(b) of the Division of Revenue Act. Site visits were only conducted on a sample basis and not monthly as required by the framework due to a lack of capacity within the CASP team."**<sup>5</sup> Further findings related to provincial conditional grant expenditure is as follows:<sup>6</sup>

- **Material errors in the Food Security and Agrarian Reform programme of the annual performance report, resulting in modified audit conclusions reported** in this report relating to the usefulness and/or reliability of these two programmes.
- The department did not take actions against staff in the Organisation Performance directorate and other relevant branches responsible for the Food Security and Agrarian Reform as well as the Forestry programmes accountable for **repeat findings and shortcomings identified during the external audit processes.**
- **Processes to collate, verify and report on achievements of planned targets have not been documented in the policies of the department and are not effectively implemented.** This is a requirement of the National Treasury Framework for managing performance to have these processes in place.

The concerns expressed by the Auditor General were echoed in a report submitted by the Presidency's Department of Planning Monitoring and Evaluation. Evaluating the Department's performance with regards to Outcome 7 (Comprehensive Rural Development and food security for all), the DPME found that:<sup>7</sup>

- **DAFF's programmes are not having significant impact on key indicators**
- **Causes of the problem appear to include weak relationships between government and the industry, and high senior management vacancy levels**

<sup>4</sup> It may be worth pressing the Department to report on the progress made with the regards to the implementation of this commitment, in order to assess the progress made since the announcement made in June 2014.

<sup>5</sup> Auditor General (2014).

<sup>6</sup> Ibid.

<sup>7</sup> DPME (2014).

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- **The Department is not working sufficiently closely together with the Department of Rural Development and Land Reform (DRDLR)**
- A proper census on agriculture could assist with identifying the underlying causes of the relatively poor performance of the sector, **but the department has terminated the agricultural census**<sup>8</sup>
- The department should consider additional interventions as follows:
  - Strengthen collaboration with the established commercial farming sector to develop black commercial farmers
  - Use government procurement more to create opportunities for black commercial farmers
  - Review and accelerate initiatives to strengthen agricultural support to black commercial farmers

With regards to the Department's Food Security programmes, the DPME released the following findings:

- Between 10% and 15% of households were still vulnerable to hunger in 2011 and 22.7%, or 13,8 million people have insufficient access to food (Stats SA GHS 2012)
- Current measurement of 970 248 food gardens suggest some improvement in data collection (especially in KZN) but more work needs to be done to verify this figure
- The target for the number of food gardens was too low - a more realistic target should be guided by NDP vision to graduate 400 000 people out of poverty by 2014 – this is being addressed in the MTSF 2014-2019
- Food gardens only address only one component of food security - other production interventions need to be considered, such as increasing livestock productivity.

Questions surrounding the claimed number of jobs created in agriculture by the conditional grant expenditure is important. The creation of a million new jobs in agriculture by 2030 is a stated objective reiterated by Minister Zokwana in the 2014 NCOP budget vote address.<sup>9</sup> In terms of the Department's performance on improving employment in agriculture in rural South Africa also received a critical review from the DPME. Among others, the following issues were highlighted:<sup>10</sup>

- Broad unemployment in 'tribal areas' has risen, from 44% in 2009 (StatsSA QLFS 2009) to 47,6% in the 2nd quarter of 2014 (StatsSA QLFS, 2013), partly due to:
  - Slow rate of overall national economic growth
  - Inadequate progress with smallholder farmer development

<sup>8</sup> A serious challenge when job creation is a stated objective within departmental policies and programmes. It is not clear how the department expects its claims of job creation to be verified against a backdrop of dwindling agriculture employment in StatsSA assessments of the agriculture sector.

<sup>9</sup> Zokwana, S. (2014).

<sup>10</sup> DPME (2014).

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- Lack of growth in employment in commercial agricultural sector
- **Employment in agriculture has declined, from 1.1 million in 2004 and 710 000 in 2009 to 638 000 in 2012 (QLFS 2nd Q 2010 and 2nd Q 2012). This is contrast to the estimate in the NDP that agriculture has the potential to create 1 million new jobs by 2030**
- **There are few new entrants to the sector and those who are farming are aging (average age of 58 years)**

A final set of comments will be presented from the report prepared by the FFC has been made since 2007/08 and were highlighted again in the 2014 report:<sup>11</sup>

- In 2007/08, the FFC recommended that the Land Care Grant and CASP grants be merged into one, since **overlapping objectives and poor spending performance hampered the separate grants.**
- To date **conditional grant spending performance within certain provinces remain poor, particularly on CASP.**
- **As a result of chronic under-spending, cabinet approved a R187.6 million reduction from CASP over the 2014 medium term.**
- **Over the 2014 medium term, R1.7 billion taken from CASP and reprioritised towards the Fetsa Tlala food production programme, which is aimed at mass production of staple foods on fallow land<sup>12</sup>**
- Food security intervention is still characterised by the **continued implementation of numerous existing (and underperforming) and new initiatives with overlapping objectives.** There is a need for greater coordination in order to achieve results

With regards to the DRDLR expenditure on its flagship rural development programme, the Comprehensive Rural Development Programme (CRDP), the DPME implementation evaluation identified a number of challenges that echo that reported for the DAFF CASP programme. Many examples where value for many was not apparent have been identified.<sup>13</sup> These challenges identified included both poor efficiency (facilities, infrastructure, equipment not being utilised at all or utilised effectively as well as poor effectiveness (where infrastructure or support services is either insufficient or inappropriate). The following recommendations were made in the evaluation in order to improve the efficiency and effectiveness of the CRDP:<sup>14</sup>

- Strengthen the CRDP's Institutional Arrangements and Integrated Planning Process by:
  - strengthening inter-governmental coordination and integrated planning and the roles of Provincial Government;

<sup>11</sup> FFC (2014).

<sup>12</sup> This amounts to 70% of the total CASP budget.

<sup>13</sup> Economix (2013).

<sup>14</sup> Ibid.

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- strengthening local level Institutions by ensuring that each CRDP site has a dedicated full-time project manager, a consultation process takes place with local government to agree on specific measures to strengthen municipal involvement in the CRDP;
- measures are put in place to strengthen COS operating in each site
- strengthen Technical Committees.
- Improve the CRDP's attainment of programme goals by taking measures aimed at:
  - Improving the CRDP's Strategy to Mobilising and Empowering Communities;
  - Improving the CRDP's Rural Job Creation Model;
  - Improving the CRDP Approach to Targeting Vulnerable Groups;
  - Improving the CRDP's Value for Money and sustainability.
- Development of revised and more detailed Theories of Change for the following two key components of the CRDP: (i) Community Mobilisation and Empowerment; (ii) The CRDP Job Model (including value chain and enterprise development);
- DRDLR to facilitate and complete a process to ensure that national norms and standards for the delivery of infrastructure in rural areas are developed by all relevant sectors/ departments;
- DRDLR should develop a collaborative CRDP Procurement Strategy to maximise economies of scale for the purchasing of inputs needed by CRDP sites;
- DRDLR to embrace the use of cost-effective technologies in rural areas that are simple to maintain by communities, especially with respect to water and energy;
- Establish smallholder farmers and provide comprehensive extension support (with DAFF);
- Improve the CRDP's role in land reform processes in CRDP sites;
- Refine Government's approach to Traditional Authorities and to Tenure Reform in Communal Areas;
- Initiate a Rural Land Reform Awareness Campaign (to ensure that CRDP beneficiaries are aware of land reform processes and procedures);
- Put in place stronger mechanisms for conflict resolution in rural areas (between lessees/strategic partners/mentors/CPA representatives/traditional authorities and land reform beneficiaries so that beneficiaries are clear about who they can approach to facilitate resolution of conflict).

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### 3. QUESTIONS FOR CONSIDERATION

It is not clear what aspects of its Fetsa Tlala plan the Department is going to present to the committee. The following set of questions were developed using recent departmental documents regarding Fetsa Tlala in the current financial year.

#### ***Support challenges remaining:***

1. How does the department intend to overcome the infrastructure (poorly maintained tractor fleets) challenges experienced during CASP and still manage to maintain the expanded production targets of the 1 million hectare programme?
2. With regards to the challenges highlighted in the first section of this document, the section highlighting the "Model for delivery" is of concern. Can the Department clarify how such detailed levels of IGR and co-operation will be achieved when a number of different evaluations from government agencies have highlighted IGR as a significant challenge to the meaningful implementation of less complex programmes such as CASP and the CRDP?

#### ***Contribution towards nutritional security:***

1. Can the department clarify how much of the seasonal food security needs of vulnerable South African citizens will be catered for by the planting programme, and how this will be achieved throughout the country. Here, linking to Agri-villages and food distribution networks will be very important.
2. How does targeting export markets and large retail chains affect the objectives of food security interventions? Without greater detail it is difficult to understand how these goals can be integrated into food security strategy as exports will remove products from the local market and all the basic food items listed in the DAFF document<sup>15</sup> are already available in major retail outlets. Is the Department planning to lower the cost of these items?
3. Additionally, how is supplying resources to the World Food Programme benefiting Food Insecure South Africans? Are these resources distributed locally?

#### ***Focus of funding shift:***

Food security interventions have always been the stated goal of CASP and a number of other departmental programmes, but from the current programme descriptions, there are a number of aspects that require clarity:

1. How is Fetsa Tlala linked to urban food security challenges at present? Urban and peri-urban food gardens, or supply chains to urban and peri-urban centres are not clearly highlighted in policy documents. Also, how is the department going to ensure that basic commodity prices are kept affordable if the target market for Fetsa Tlala production is export markets or large retail chains?

<sup>15</sup> DAFF (2014a).

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### *Financial allocations per province*

The Department presents figures<sup>16</sup> for financial allocations and planting plans per province that require some clarification:

1. Provinces such as the Eastern Cape, which could not achieve its 2013/14 planned planting targets were allocated even more hectares to plant in the current year, while provinces such as North-West, which exceeded its targets in the previous year, were allocated a reduced target for the current season. Can this be clarified?
2. There appear to be no clarity supplied by the Department with regards to the reasoning between financial allocation and area to be planted. Can the Department provide more details with regards to the rationale behind the financial allocation per province?

Table 1. Breakdown of financial allocations and planned production for Fetsa Tlala 2014/15.

Province	Allocation	Area planned	Cost/unit area
Eastern Cape	143233000	17200	8327.50
Free State	61502000	5321	11558.35
Gauteng	10561000	2265	4662.69
KZN	103500000	13160	7864.74
Limpopo	59062000	46175	1279.09
Mpumalanga	109446000	33960	3222.79
Northern Cape	66650000	2037	32719.69
North West	46062000	9015	5109.48
Western Cape	14200000	640	22187.50

### *Additional reporting to the NCOP*

Since the commencement of the 5<sup>th</sup> parliament, the Committee has repeatedly requested national departments to report on the impact of conditional grant expenditure within provinces. To date, there has been little progress made towards developing such reporting structures. DAFF documentation indicates that there are at least two forms of monitoring and reporting that will result in the type of information that the Committee requires. These are:

- a. Monthly reports from the Provincial Department of Agriculture to the national DAFF at pre-determined intervals reporting on the progress of planting. The document<sup>17</sup> require that "The national coordinating structures together with PDAs should endeavour to timeously communicate plans and progress on the programme". This reporting structure is proposed to ensure accurate

<sup>16</sup> DAFF (2014b).

<sup>17</sup> DAFF (2014a).



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- information dissemination to farmers and key stakeholders. It is proposed that the NCOP should be included in this reporting structure.
- b. Secondly, provinces are required to perform risk audits for early detection and warning to mitigate potential impacts. It is proposed that these reports can also be supplied to the committee.

### 4. CONCLUDING COMMENTS

This brief is focused on the challenges that the FFC, the Auditor General and the Department for Planning, Monitoring and Evaluation has highlighted with regards to the past performance of DAFF and DRDLR projects such as CASP and CRDP, with the express purpose of determining from the Department whether the challenges experienced in these programmes and with IGR matters within provinces will be successfully circumvented. A significant portion of conditional grant funding has been earmarked for agriculture projects far more complex than the challenged predecessors. The capital expenditure of these programmes have been found to have been only marginally beneficial to South Africans in many respects, yet the more complex Fetsa Tlala programme is billed as being capable of being a strategic intervention towards the NDP goal of putting food on the table of all citizens.

In order for the Committee to be able to monitor the progress of Fetsa Tlala effectively, monthly reporting done by provinces to the national department should also be provided to the Committee in order for it to timeously plan oversight to provinces, to be able to follow successful projects and to be able to evaluate the challenges provinces are experiencing with the programme. To date, the reporting intervals to the committee with regards to CASP and CRDP had not been sufficient to achieve this level of oversight.

**5. REFERENCES**

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