| **DALRRD RESPONSE: QUESTIONS ON THE DEPARTMENT’S PRESENTATION ON THE 2020 STATE OF THE NATION ADDRESS (SONA), DISTRICT DEVELOPMENT MODEL AND ECONOMIC STIMULUS AND RECOVERY PROGRAMME, DATED 18 FEBRUARY 2020** | | | | |
| --- | --- | --- | --- | --- |
| **No** | **QUESTION** | **RESPONSE** | **DRDLR/DAFF** | **DOCUMENTS/ REPORTS** |
| **STATE OF THE NATION ADDRESS** | |  |  |
| 1 | Information on the land (including location, size in hectares, commodity suitability, land condition) from which 50% will be allocated to women and 40% to youth. Additionally, provide similar details on land that has already been redistributed to women and youth since the land redistribution programme was established. | The percentages referred to here relate to a policy intention in terms of how the land redistribution programme will seek to prioritise the allocation of land to the women and the youth. This is not yet tied to specific land parcels.  Whilst the Department has projected on the number of hectares to be acquired and various percentages of allocation per designated groups, it is important to note that these can only be quantified once the land has been acquired.  In terms of the land that has already been redistributed, the attached spreadsheet provides the required information in terms of the various sub-programmes (namely, SLAG, LRAD, Commonage and PLAS). | DAFF  DRDLR | [Attachments \_ PortCom Questions- 18 Feb\Tag 1 Farms Redistributed.xlsx](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\Tag%201%20Farms%20Redistributed.xlsx) |
| 2 | Information on the 44 000 ha of state land that has been released for distribution – should include inter alia, from which year was the state land released, beneficiary details, areas/provinces, land size and land use. | The 44 000ha is land under Restitution and is being addressed as a land rights matter | DRDLR |  |
| 3 | Information on the provincial and district distribution of the 700 000 ha of state land that has been identified for agricultural production including agricultural commodity suitability and condition of the land. | The summary of the Provincial spread is indicated below:   |  |  | | --- | --- | | **Province** | **Total Extent (Size of Land)** | | Eastern Cape | 77 690.6422 ha | | Free State | 6 623.1987 ha | | Gauteng | 929.3932 ha | | KwaZulu-Natal | 9 307.5114 ha | | Limpopo | 121 516.3224 ha | | Mpumalanga | 49 069.1467 ha | | North-West | 433 282.5095 ha | | Northern Cape | 67 369.5362 ha | | **TOTAL** | **765 788.2603** |   It is not yet possible to provide agricultural commodity suitability and condition of the land since that will publicly reveal the specific land parcels that may then become susceptible to organised evictions, which would defeat the purpose. | DAFF |  |
| 4 | As the Department mentioned that in addition to women and youth, land will also be allocated to those who work the land, specifying smallholder and subsistence farmers but excluding farm workers. Therefore, the Department should indicate its plans for farm workers and farm dwellers, most of whom are vulnerable and landless. | In as far as the Beneficiary Selection and Allocation Policy is concerned, all vulnerable groups are prioritised, viz. women, youth, people with disability, farmworkers and their families, and labour tenants and their families. To confirm this, reference is made to Section 6: Categories of beneficiaries for land allocation. Pars 6.1(b) “Farm workers and their families who wish to improve their settlement and tenure conditions” and (c) Labour tenants and their families who wish to acquire and improve the land which they hold or alternative land”.  The department will acquire land in terms of Section 4 of Extension of Security of Tenure Act (ESTA) for farm dwellers and occupiers, thereafter transfer the land to legal entities of their choice in full title. The Special Master has been appointed to deal with the settlement of labour tenant’s claims. He is currently developing an implementation plan to be approved by the court.  The department is currently working on the concept document for piloting agri-villages for farm workers targeting eviction hot spot areas.  As part of the tenure programme, the Department acquires and transfers (in full ownership) land that is occupied and used by farm dwellers and labour tenants, to secure their tenure; and provides them with development support. In this regard, the Department has approved the acquisition and direct transfer to farm dwellers and labour tenants 55, 101 hectares of land since 2015/16 financial year.  Financial assistance is also provided to farm dwellers and labour tenants whose occupation rights are either threatened or terminated; and to enable labour tenants to prosecute their applications for award of land that require adjudication by the Land Claims Court. | DRDLR |  |
| 5 | Indicate whether there are any agricultural entrepreneurs in the 1 000 that will receive grant funding and business support from the NYDA and the Department of Small Business Development in the next 3 months; and provide details on how it plans to ensure that youth in agricultural businesses form part of the 100 000 young entrepreneurs that will be assisted in the next 3 years. | Currently, there are no agricultural entrepreneurs in the 1000 that will receive grant funding and business support from NYDA and the Department of Small Business Development in the next 3 months. Further elaboration is provided in question 7 bellow. | DRDLR and DAFF |  |
| 6 | Information on the compulsory training that they are providing to potential land beneficiaries as reportedly required in the Beneficiary Selection & Land Allocation Policy including information on training of youth that is reportedly provided in 3 Districts in line with the District Development Model. | The process to be followed will be informed by the Agricultural Master Plan and District Development Model, which identifies specific commodity corridors. After the identification of the potential beneficiaries, comprehensive skills assessment will be conducted to determine the skills gaps (i.e. skills ranging from generic to technical as per the specific commodity). Depending on the level of skills gap, beneficiaries will be supported through various mediums, e.g. **conventional training (Agricultural Colleges and Agricultural Research Council**) incubation, farmer-to-farmer, and mentorship. Once they have completed their training and allocated land, further monitoring and support will be provided.  Inexperienced youth who aspire to be farmers, shall be required to undergo compulsory training as part of their preparations prior to allocation of land. | DRDLR and DAFF |  |
| 7 | Elaborate on the recruitment and training of 300 youth per district for 23 planned district launches (i.e. approximately 6 900 youth) including the criteria for identifying trainees, funding arrangements and plans for the youth after they have finished the training. The latter should also include details on the status of agricultural graduates that have been recruited for the Department’s internship and other development programmes. In addition, the Department should indicate whether existing but struggling and failed land reform youth projects beneficiaries will be considered in its interventions. | The Department envisages to target two categories of youth to form part of the 100 000 young entrepreneurs that will be assisted to apply for grant funding and business support from NYDA and the Department of Small Business Development in the next 3 years. The first group will comprise of new entrants who will be selected from a number of youth that will exit from the department’s Agricultural Graduates Programme in August 2020. As part of the exit strategy, the graduates in various provinces are being assisted to develop bankable businesses in line with their identified needs.  The second targeted group comprises of the existing young entrepreneurs whose needs have already been identified. For the 2020/2021 financial year, the Department is targeting to support 450 agricultural entrepreneurs to apply and benefit from the grant funding and business support from NYDA and the Department of Small Business Development. |  |  |
| 8 | The status of the NARYSEC programme and impact on youth unemployment. | The NARYSEC Programme primarily focused on skills development as an end goal.  Evidence-based research conducted by the Human Sciences Research Council (HSRC) in 2018/19 showed that the programme had very little impact in terms of the creation of sustainable employment and new entrepreneurs. The study showed that the largest majority of the NARYSEC graduates have reverted back into unemployment.  To correct this situation, the department is embarking on an initiative to repurpose/ reorganize the NARYSEC Programme, starting with the review of the policy, systems and procedures. Consultations on repurposing the programme commenced late 2019 and ongoing scheduled to be completed in March 2020. The programme will now place a greater emphasis on recruiting and skilling the youth for workplace opportunities within and outside government, as well as entrepreneurship as part of a basket of services offered to the NARYSEC participants. The new NARYSEC approach will also be aligned to the District Delivery Model (DDM) so that recruitment is targeted around opportunities in the district. | DRDLR |  |
| 9 | Information on earmarked women-owned agricultural businesses that could be assisted through the SheTradesZA platform as market access, even domestically, remains a challenge for female and other small farmers. Additionally, provide details on how female farmers and/or agribusiness are going to be assisted for participation in global value chains and markets through the SheTradesZA platform, for example. | A list/profiles of female entrepreneurs, most of which have participated in the DAFF Female Entrepreneur Awards (FEA), with clear indications of their needs, including market access, is available and will be shared for assistance through SheTradesZA | DAFF | [Attachments \_ PortCom Questions- 18 Feb\2012-2019- DAFF FEA Winners Database.docx](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\2012-2019-%20DAFF%20FEA%20Winners%20Database.docx) |
| 10 | Information on agricultural products, if any, that will form part of the 1 000 locally produced products that must be procured from SMMEs as pronounced by the President; including assistance that is or will be provided to small agribusinesses to ensure procurement of their products. | It is anticipated that each district will have fresh agricultural produce (fruit, vegetables and meat) contributing to their local economy. Currently, the marketing of agricultural produce in South Africa is mainly undertaken through the National Fresh Produce Markets (NFPMs). These are regulated through the Agricultural Produce Agents (APA) Act administered by Fresh Produce Agents Council as well as through municipal by laws. The assistance to be provided to the SMME’s will be indirect through encouraging the Agricultural Agents Council to establish a regulation that enforces the Agricultural Produce Agents to give preferential procurement to the small agribusiness. As for government’s preferential procurement, the APA Act does not provide for it as it is National Treasury responsibility. | DAFF |  |
| 11 | Agro-processing, which has been identified as a key job driver in the NDP was mentioned as one of the industries that received investment commitments from last year’s Investment Conference. In this regard, the 2020 SONA alluded to 27 projects worth over R250 billion that are in implementation phase while some will be implemented this year. The President further mentioned visiting some of these projects, which also included among others, the opening of food producing facilities. The Department should provide details on such food producing facilities whose launches were attended by the President including their status. | It is anticipated that each district will have fresh agricultural produce (fruit, vegetables and meat) contributing to their local economy. Currently, the marketing of agricultural produce in South Africa is mainly undertaken through the National Fresh Produce Markets (NFPMs). These are regulated through the Agricultural Produce Agents (APA) Act administered by Fresh Produce Agents Council as well as through municipal by laws. The assistance to be provided to the SMME’s will be indirect through encouraging the Agricultural Agents Council to establish a regulation that enforces the Agricultural Produce Agents to give preferential procurement to the small agribusiness. As for government’s preferential procurement, the APA Act does not provide for it as it is National Treasury responsibility. | DAFF |  |
| 12 | In developing the Agriculture Master Plan and Mapping, the Department should indicate whether natural resource degradation, mining activities and climate change have been taken into account particularly as most agricultural resources are degraded from overutilization and mining activities. Additionally, South African agriculture is largely rain fed, meaning that in areas where there will be limited rainfall, irrigation will be necessary. If these factors have been taken into account, details should also be provided for each commodity corridor. | The Agriculture and Agro-processing Master Plan (AAMP) has as a chapter on Natural Resource Management, not only looking into the influence of climate change on the spatial spread of priority commodities, but it further aims to deal with climate change mitigation strategies.  The analysis of commodity corridors does take into account the degradation of natural resources as well as changing land use patterns due to mining activities, housing encroachments to determine the exact quantity and capability of land still suitable and available for expanding production. In addition, the changing climate, that is expected rainfall and maximum temperatures in the next 10, 30 and 50 years, on the selected commodity corridors has been simulated to examine the suitability of crop production, especially under rain-fed conditions. The irrigation schemes and water use efficiencies are critical parts of the production in the selected commodity corridors, and the Master Plan articulates how irrigated land will be improved.  The combination of all these data sets assisted the team to accurately quantify the land that is suitable and available for production in the selected commodity corridors.  The chapter on Spatial and Value Chain analysis, has thus far identified commodity corridors based on water availability and soil suitability i.e. Crop suitability. However, further work is required to measure the impact of the Water and Sanitation Master Plan on water ACCESS, and in turn on potential production output through irrigated systems.  The Natural Resources Management Pillar contribution to the Agriculture and Agro-processing Masterplan states the following: “South Africa has limited availability of suitable land and adequate water resources for plant production.” This implies that irrigation can be made available in areas of limited rainfall if the following is available:  1. Water  2. Soils which are irrigable  3. Infrastructure to convey water. |  |  |
| 13 | Explanation on how the Agriculture Master Plan is going to be implemented particularly in terms of support and capacity building of farmers since the Department has been highlighting challenges associated with Agriculture being a concurrent function. | The Master Plan is a partnership contract between stakeholders (i.e. business, labour, government and civil society) where each partner has responsibilities and commitments towards implementing the plan. Each intervention/reform proposed in the Master Plan will have commitments assigned to a specific stakeholder with clear delivery timelines to ensure effective implementation of the Master Plan.  The Provincial Departments of Agriculture, Land Reform and Rural Development, will central in the implementation plan of the AAMP; provinces are required to design and implement required interventions identified in the AAMP; more specifically those at project level.  The AAMP seek to integrate producer support programmes with the newly proposed financial models. In this way ensuring that skills training, market access and financial support are packaged as a single product. | DAFF |  |
| 14 | The Department should submit to the Committee, copies of the Agriculture Master Plan and Mapping; completed Poultry Master Plan and details of training service providers in each province/district. | The Agriculture Master Plan will be submitted upon its completion. | DAFF | [Attachments \_ PortCom Questions- 18 Feb\SA-Poultry-Sector-Master-Plan Final 2019.pdf](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\SA-Poultry-Sector-Master-Plan%20Final%202019.pdf) |
| 15 | Some of the Department’s legislation, specifically the Plant Improvement and the Plant Breeders Rights Acts have often been criticised of focusing on commercial and big industries at the exclusion of subsistence and smallholder producers. The Department should explain how it is going to ensure that the latter categories of producers are prioritised and efficiently capacitated to benefit from the Cannabis (Hemp) industry. | In terms of the current legislation, the mandate for regulating hemp lies with the Department of Health in terms of the Medicines and Related Substances Act of 1965 as well as the Department of Justice and Constitutional Development in terms of the Drugs and Drugs Trafficking Act of 1992.  The Department is coordinating an inter-departmental team that is developing Cannabis Industrialisation Strategy / Masterplan. The team is made up of the following departments: DALRRD, Health, Trade and Industry, Small Business Development, Environmental Affairs, Justice and Correctional Services as well as the South African Police Services. The team also include state owned entities (SOEs) like Agricultural Research Council (ARC) and the Council for Scientific and Industrial Research (CSIR). The engagements between DALRRD and other departments as well as SOEs take place through this platform.  One of the pillars of the strategy that is been developed is on farmer support. The pillar is specifically aimed at ensuring that subsistence and small producers are supported to participate in the hemp industry value chain. The package once fully developed will include funding, infrastructure as well as technical and advisory support. Further measures that are been explored include zoning and related matters, with clear focus on areas where the majority of poor people live. Government will make pronouncement once the strategy / master plan had been concluded. . | DAFF |  |
| 16 | Plans or measures in place to ensure that land reform and other state farms that are not being utilised in some of the provinces are put into production; and the involvement of Extension Officers in land reform. | The department has developed the National Framework that guide the deployment of Extension Practitioners to commodity organizations.  The department develops Standard Operating Procedure on an annual basis that guides provinces on the deployment approach.  There are 3140 Extension Practitioners that are employed by the Provincial Departments of Agriculture available to assist in land reform and support farmers that can utilise state farms that are not being utilised.  The number of Extension Practitioners deployed to commodity organisations is a transversal indicator reported by provinces annually. | DAFF |  |
| 17 | Details on state land that has been released without leases and the current status of land that is administered by the Department of Rural Development and Land Reform. | The 700 000 hectares referred to in the SONA are currently being administratively allocated. Leases will be signed upon allocation procedures being concluded. It will only be realistically possible to start providing related reports in this regard by April 2020.  Regarding the current status of land that is administered by the Department of Rural Development and Land Reform, the Portfolio Committee is requested to break this down clearly in terms of what information is required so that the Department does not provide inadequate responses. | DRDLR |  |
| 18 | Submit to the Committee, the Land Audit Report. | SG to submit report to DG | DRDLR |  |

DAFF transferred money to the Land Bank to support black commercialization programme, as part of economic stimulus and recovery programme:

| **BLENDED FUNDING/FINANCE MODEL (BFM) AND COMMERCIALISATION PROGRAMME** | | | | |
| --- | --- | --- | --- | --- |
|  | **QUESTION** | **RESPONSE** | **DRDLR/DAFF** | **DOCUMENTS/ REPORTS** |
| 1 | * 1. Explain to the committee the role that Land Bank plays in support of economic stimulus and recovery programme (*Note that the 262 projects were from the former DRDLR – Land Development Support or LDS projects)* | CFO, LRD / ALHA to provide information | DRDLR | None Received |
| * 1. What has been the contribution of Department of Agriculture *(please send list of projects by province and district, and the total amount allocated and spent per project)* | The list of projects is attached. | DAFF | [Attachments \_ PortCom Questions- 18 Feb\BPCP ASSESSED PROJECTS AND APPROVAL BY FUNDING FORUM.pptx](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\BPCP%20ASSESSED%20PROJECTS%20AND%20APPROVAL%20BY%20FUNDING%20FORUM.pptx) |
| * 1. Give an account of the R3.9 billion allocated to the Land Bank for support of black commercial farmers as announced on June 2019 SONA. (provide detailed response with specifics on project, production, amount allocated and spent to date, and the current state of project/farm (assessment of productivity and sustainability) | DRDLR & DAFF CFOs to provide information  PQ 59 | DRDLR, DAFF  DAFF |  |
| * 1. Explain the current status of BFM. Is it still being pursued or not? Please explain the reasons | The Blended Finance Model was introduced in 2017/18 financial year as a collaborative partnership between government and the private sector to provide affordable financial support to smallholder farmers and medium scale commercial producers.  The programme was put on hold in 2018/19 financial year because of the following:   * Support was not aligned to the prescripts of the widely consulted Draft National Policy on Comprehensive Producer Development Support (NPCPDS) in terms of:   + The capping of the grant component as proposed in the draft policy   + Support to government officials as outlined in the concept   + Support to large commercial producers * Support to new entrants (*acquisitions of commercial farms*); and * Non-inclusion of other financial institutions in the proof of concept phase.   The current status is that most of the factors that led to its suspension have been addressed. A decision has been taken to start processing applications that are already in the pipe line. After those applications are processed then new applications will be considered. | DAFF |  |
| * 1. Where does the 450 black farmers that were supposed to be commercialised within 5 years from 2018/19 feature in the Stimulus Package and Khawuleza programmes. | Towards commercialization of 450 smallholders, DALRRD has secured financial resources from the Jobs Fund for the support of 108 smallholders towards their commercialisation. Other commercialisation work is undertaken by Provincial Departments of Agriculture currently. The commercialisation project is implemented by the Land Bank (*as an Implementing Agent*). The stimulus package talks to farmers being supported through blended funding in an attempt to commercialize them. To this end DALRRD has secured Jobs fund to blend with DALRRD grants for provision of loan and grant to commercialize 108 smallholder producers. This is building towards the 450 target. | DRDLR & DAFF |  |
| * 1. Present progress report on the targeted 450 black producers identified for commercialisation project. Please clarify how the Department of Agriculture arrived at 450 (selection criteria), present a status report disaggregated by province i.e. number for farmers per province and district, number of women, youth, persons with disabilities and other vulnerable groups, total amount of money allocated and total amount of money spent, and assessment of productivity and sustainability of the farm. | The Department decided to target the 450 producers to be commercialized based on the projected allocation in five years. The list of the 50 farmers per province was an indication of the readiness of smallholder farmers to be commercialized and the provinces were given a criteria to identify the farmers that are commercial or ready to be commercialized. Each individual farmer had to meet the requirements of the blended funding (Loan and Grant) at Land Bank and blended funding with Jobs Fund. The 450 target still remaining a target to be achieved in five years.  A total of 108 producers are targeted to be commercialized through the DAFF Jobs Fund partnership. This project started in October 2019 and an advertisement was issued in December 2019 with a closing date in January 2020. The department with Land Bank is currently assessing qualifying applicants. |  | [Attachments \_ PortCom Questions- 18 Feb\50 FARMERS SELECTION CRITERIA FINAL.docx](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\50%20FARMERS%20SELECTION%20CRITERIA%20FINAL.docx) |

| **LAND DEVELOPMENT SUPPORT AND 262 FARMS – STIMULUS PACKAGE** | | | | |
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|  | **QUESTION** | **RESPONSE** | **DRDLR/DAFF** | **DOCUMENTS/ REPORTS** |
| 2 | Given that the ‘stimulus package’ is aimed at provision of support in terms of both land acquisition and development support, the Committee was curious to understand why the report did not focus on the ‘acquisition’ part. Please present an explanation about land acquisition in the context of the ‘stimulus package’. | The Department would like to bring to the attention of the Committee that, there is a difference between the Blended Finance Model and Stimulus Package. The Blended Finance is envisaged to support farmers in terms of both land acquisition and development support. The Stimulus package is a response to the President’s call to ignite the economy through agricultural interventions. Therefore, its objective is to provide comprehensive support to Black Farmers on land that has potential to contribute to the economy. | DRDLR |  |
| 3 | Terms of reference for Intsika and ARC in the Stimulus Package programme and the appointment of ARC as a service provider while the entity, which is mandated to do agricultural research, is facing financial challenges. | The Department advertised a tender to secure the services to conduct asset verification and farm assessment on Proactive Land Acquisition Strategy (PLAS) farms owned by the Department. Different companies responded to the advert including Entsika/ARC consortium which was ultimately awarded the tender following the supply chain process.  The key Terms of Reference of this project were as follows:   1. To establish potential and performance on PLAS farms 2. To evaluate and analyse the financial status of properties supported through Recapitalization and Development Programme (RADP) 3. Identify those that can be easily and quickly supported 4. Identify infrastructure needs linked with the production 5. Improve asset management within the PLAS portfolio |  |  |
| 4 | Provide an explanation with regard to what was referred to as ‘commercially viable projects’ as a criterion for qualification into LDS and stimulus package. | “Commercially viable projects” was not a qualification criterion into LDS rather a classification of different farms in terms of their viability using the following: natural resources capability, return on investment, human capability, viability and infrastructure. However, commercial viability was used as one of the criteria for stimulus package projects. |  |  |
| * 1. The Committee was concerned that the DRDLR focused on development of commercial farmers as opposed to smallholders and subsistence producers who do not seem to find any form of support (as a means to stimulate economic activities in rural communal areas). | LDS is not only limited to stimulus package. It is open to different categories of land reform programmes including 1HH1HA. However, during the announcement of the Stimulus Package by the President in August 2018, the DRDLR through Entsika/ARC consortium had already started the assessment of PLAS farms which made it easier to do selection for the projects to contribute to the request. The identification of stimulus projects did not identify farmers, but the department identified farms that are commercially viable. At the time of identification these farms had lessees who are smallholder farmers. |  |  |
| * 1. Explain the kinds of support, and status of, the 516 projects or the 747 one’s assessment under the LDS programme. | 747 is the total number of all projects that were assessed by the Entsika/ARC at the time placed in four (4) categories, according to their viability i.e. Commercial, Medium, Livelihood and Non-viable. These were further classified according to support provided (RADP – 231 farms and Non-Recapitalized - 516 farms). The 516 farms include 262 commercially viable farms identified for stimulus package which were presented and adopted by the IMC chaired by the Deputy President on 31 August 2018. The remaining figure of 254 is distributed across the three remaining categories. None of the 516 projects received RADP and as such they are operating at different production levels. |  |  |
| 5 | The Department should, in the context of projects approved and contracted and those not contracted and not approved, explain the following:   * 1. What is the state of production in the 100 or 68% of the contracted projects? Present financial report on the 100 projects, funds allocated, funds used, and the balance?   2. What is the state of production in | The 100 projects contracted are at different stages of implementation regarding infrastructure and mechanization.  Funds:   |  |  |  |  | | --- | --- | --- | --- | | **PROVINCES** | **TOTAL ALLOCATION** | **TOTAL PAYMENTS** | **OUTSTANDING PAYMENTS** | | EASTERN CAPE | 55 304 657 | 403 506 | 54 901 152 | | GAUTENG | 73 572 583 | 13 688 204 | 59 884 380 | | LIMPOPO | 79 068 265 | 30 546 794 | 48 521 472 | | MPUMALANGA | 151 942 781 | 44 546 140 | 107 396 641 | | NORTH WEST | 237 673 191 | 79 410 704 | 158 262 488 | | NORTHERN CAPE | 176 543 997 | 31 578 239 | 144 965 758 | | FREESTATE | 105 232 449 | 47 615 953 | 57 616 495 | | KWAZULU NATAL | 18 077 766 | 70 774 | 18 006 992 | | **GRAND TOTAL** | **R897 415 690** | **R247 860 314** | **R649 555 378** |   Production is minimal because the 42 projects are not yet contracted and |  |  |
| * 1. the 42 or 26% of the projects approved but not contracted? Further, explain the reasons of failure to contract, how it impacted on production and the commercial viability – the basis on which the projects were selected for support, and Present financial report on the 42 projects, funds allocated, funds used, and the balance? | therefore have not yet received financial support. No funds have been expended for this category of projects. Due to delays in contracting, farmers have missed the summer planting season.  Funds:   |  |  |  | | --- | --- | --- | | **Province** | **Number of Projects** | **Approved Amount (000)** | | EC | 1 | 8 811 | | FS | 9 | 62 414 | | GP | 6 | 41 532 | | KZN | 1 | 8 379 | | LP | 4 | 44 424 | | MP | 9 | 35 684 | | NW | 5 | 41 016 | | NC | 6 | 4 858 | | WC | 5 | 45 986 | | **TOTAL** | **43** | **R 330 107** |   Note: One project from GP was recently approved and added to the list hence the number is 43 not 42 Please check your figures – I get 46 projects and a total of R293 104 approved amount. |  |  |
| * 1. What is the state of production in the 20 or 12% of the projects not approved? Further, explain the reasons of failure to approved, how it impacted on production and the commercial viability – the basis on which the projects were selected for support - and present financial report on the 20 projects, funds allocated, funds used, and the balance yet to be spent. | *Note: One project from GP was recently approved and added to the approved list hence the number is 19 not 20*  Production on the 20 projects is minimal because they have not yet received financial support. The projects could not be approved because the Commodity Organisations took time to prepare Business Plans and some of the Business Plans could not be approved due to poor quality.   |  |  | | --- | --- | | **Province** | **Number of Projects** | | EC | 3 | | FS | 4 | | KZN | 3 | | LP | 2 | | MP | 1 | | NW | 6 | | **TOTAL** | **19** | |  |  |
| * 1. Present the number of jobs created (or secured). (Present progress report, including financials, on the 262 stimulus package projects – by district and province). | Due to the challenges that were experienced at the initial stage of this project, information on jobs is not yet available. It will be provided once implementation is in full swing. | DRDLR |  |
| * 1. How many of the beneficiaries are from the vulnerable groups as envisaged at the inception of the Economic Stimulus and Recovery Programme? | From the selected 262 farms the following are the categories from the vulnerable groups:  1.Women: 49 females ( 7 youth and 42 elderly)  2. Youth: 24 ( 7 females and 15 males)  3. People with Disability : 0 | DRDLR |  |
| 6 | Submit a sample of agreements (or tripartite agreements) they have with commodity organisations?   * 1. What are the impediments to the conclusion of agreements? | *Agreements (or tripartite agreements) attached*  The operational tripartite agreement takes its cue from National Agricultural Marketing Guidelines which requires that all affiliated commodity organizations are bound by the transformation guidelines. It became clear during the final engagement that those organizations that do not collect statutory levy are not bound to adhere to some of the clauses in the NAMC transformation guidelines e.g. change in management. Lastly, there was a dispute with the Financial Institutions around the interpretation of sections 66 and 70 of PFMA with regards to indemnity in the case of project funds being disbursed to wrong suppliers. To resolve the challenge, the DRDLR through the Minister had to approach the Minister of Finance for concurrence to indemnify the banks. | DRDLR | [Attachments \_ PortCom Questions- 18 Feb\ABSA\_EXAMPLE OF AGREEMENT BETWEEN ABSA AND DRDLR.pdf](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\ABSA_EXAMPLE%20OF%20AGREEMENT%20BETWEEN%20ABSA%20AND%20DRDLR.pdf)  [Attachments \_ PortCom Questions- 18 Feb\Financial Tripartite agreement.pdf](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\Financial%20Tripartite%20agreement.pdf)  [Attachments \_ PortCom Questions- 18 Feb\Operational Tripartite agreement.pdf](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\Operational%20Tripartite%20agreement.pdf) |
| * 1. Accountability of commodity organisations (explain why some organisations do not ascribe to principles of transparency – not giving information to farmers). | In terms of service level and the tripartite agreements the parties are required to work together in the implementation of the projects with their roles and responsibilities clearly defined. In cases where there is a breach of agreement there is provision in the agreement to remedy the situation and the Department is responsible for ensuring adherence. | DRDLR |  |
| 7 | The Department must explain why they have only paid 19% of the allocation to date (i.e. a month away from the end of financial year). | The opening of the beneficiary holding accounts took longer than anticipated given the strict requirements from the financial institutions These accounts depended on obtaining concurrence from the Minister of Finance and signing of financial tripartite agreements by Financial Institutions. Dispute with regard to certain clauses of the tripartite agreement also played a role in delaying implementation. The FMD ban and drought also had a negative impact in the implementation and spending. | DRDLR |  |
| 8 | How the Department would spend the total outstanding payment of R722 million by 31 March 2020. Concrete plans and not fiscal dumping. | Having obtained National Treasury approval, recent conclusion of Agreements with Financial Institutions and other Commodity Organisations, namely, Grain SA, Deciduous Fruit and Potatoes SA will enable the release of funds to Grant Holding Accounts. The transfer of funds to Grant Holding Accounts has already started and it will enable the preparation for winter crops as well as the coming summer crop. Once the funds are transferred to Grant Holding Accounts, such funds will be secured as commitment which will enable implementation currently and into the new financial year. Mechanization and inputs will be procured now whilst prices are still low, infrastructure will be erected and soil corrections will also be effected so that when the summer season kicks off the implementation can be smooth. Furthermore, with regard to livestock projects, in light of the lifting of the FMD ban, livestock as well as the related consumables will be procured. | DRDLR |  |
| 9 | The impact of the expenditure stimulus package with regard to revitalisation of agriculture and creation of jobs? | Given the current state of implementation, the impact of the expenditure experienced is not significant since full production has not been realized. | DRDLR |  |

| **OTHER CROSS-CUTTING QUESTIONS (DISTRICT DEVELOPMENT MODEL AND STIMULUS PACKAGE)** | | | | |
| --- | --- | --- | --- | --- |
|  | **QUESTION** | **RESPONSE** | **DRDLR/DAFF** | **DOCUMENTS/ REPORTS** |
| 1 | Members of the Committee raised serious concerns with the confusion that has been created by the presentation vis-a-vis the previous presentations that the Committee received on other departmental programmes such as Agri-Parks, Blended Finance/Funding Model, Black Commercialisation Programme, etc.; including the reasons that were previously given for the DRDLR’s abandonment of the Blended Finance Model and the suspension of the Blended Finance Model by DAFF. | District Development Model advocates for deliberate integrated service provision by all spheres of government. This demands that all programmes implemented by the department align to this approach. Mentioned programmes like Stimulus Package, Agri-Parks and NARYSEC will all adopt this methodology.  As indicated above, the Department would like to bring to the attention of the Committee that, there is a difference between the Blended Finance Model and Stimulus Package. The Blended Finance is envisaged to support farmers in terms of both land acquisition and development support. The Stimulus package is a response to the President’s call to ignite the economy through agricultural interventions. Therefore, its objective is to provide comprehensive support to Black Farmers on land that has potential to contribute to the economy. All this implemented under the DDM approach. |  |  |
| 2 | The continuous expenditure on development of plans and piloting of projects that are not being implemented by the DALRRD was a serious concern to the Committee. |  | DRDLR |  |
| 3 | Inadequate development and post-settlement support for land reform beneficiaries, an example was cited on farmers that were given farms that are not commercially viable or with no proper implements or mechanisation. | Some of the farms that are considered commercially unviable, will be rehabilitated and supported so that they can become commercially viable. However, farms that cannot be rehabilitated to commercially viability can still be used for subsistence farming and food security purposes. The Department will re-allocate these farms to people who want to do subsistence farming as well as those who are food insecure. | DRDLR |  |
| 4 | The difference between the presented Presidential Stimulus Package and the District Development Model | The District Development Model is a Presidential programme, championed by the Department of Cooperative Governance. The approach seeks to ensure better alignment of government programmes and spending based on the needs identified in a particular district. The DALRRD will use the approach and contribute as a sector to the development of the One Plan, which is the outcome of the DDM approach. As part of the process, the department takes into consideration all existing programmes, including the Stimulus Package.  In addition to the above, the approach will be used to identify future projects across all programmes of the Department. | DRDLR |  |
| 5 | The difference between the Khawuleza and Phakisa programmes and whether Operation Phakisa is still in existence or has been changed to Khawuleza. | Operation Phakisa remains a key programme of Government and is not replaced by Khawuleza. “*Khwawuleza*” is the phrase introduced to express intended expediency to implement the “one plan” as envisaged under the District Development Model (DDM). It is being implemented across government. Interventions identified in Operation Phakisa will be implemented through the DDM approach. | DRDLR |  |
| 6 | The focus of implementation of programme by the DALRRD on metros where there are less agricultural activities happening. | The DDM pilot sites were not identified by the department. The eThekwini metropolitan municipality is one of the pilot sites and all departments are expected to make contributions. It is worth mentioning that whilst eThekwini is a Metropolitan Municipality, 68% of the municipality is Rural in nature, and presents opportunities for agriculture. | DRDLR |  |
| 7 | How the DALRRD will ensure that the identified projects that have been identified and approved for the Stimulus Package will not fail. | Due to the intensive scientific analysis that was conducted prior to the selection of farms for Stimulus Package as well as proper Business Plans with appropriate budgets compiled by Commodity Organisations and the utilization of bank-managed Grant Holding Accounts which will minimize financial mismanagement, as well as regular project visits by provincial Directors, the Department will be able to ensure success of the projects. | DRDLR |  |
| 8 | The presentation does not mention any progress on the first phase of the DDM programme, which has been reportedly piloted in two districts and one metro. Progress report is required. | Phase one predominantly focused on spatial analysis of the pilot sites and lifting up primary commodities, youth concentration areas and opportunities for the youth (e-Thekwini Metro, Waterberg and OR Tambo District Municipalities Reports attached). Based on this youth was recruited (list of recruited youth is attached). All Traditional Councils were consulted, and they provided the youth recruited. | DRDLR | [Attachments \_ PortCom Questions- 18 Feb\LIMPOPO WATERBERG NARYSEC\_JAN\_2020 INTAKE .xlsx](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\LIMPOPO%20WATERBERG%20NARYSEC_JAN_2020%20INTAKE%20.xlsx)  [Attachments \_ PortCom Questions- 18 Feb\NARYSEC JANUARY 2020 INTAKE ETHEKWINI METRO.xlsx](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\NARYSEC%20JANUARY%202020%20INTAKE%20ETHEKWINI%20METRO.xlsx)  [Attachments \_ PortCom Questions- 18 Feb\DDM - OR TAMBO - EC -300 YOUTH.xlsx](file:///C:\Users\crd\Desktop\Desktop%20Files_May%202019\Ms%20P%20Gubuza\Cabinet,%20Parliament%20and%20DG%20Tasks\Portfolio%20Committee\Attachments%20_%20PortCom%20Questions-%2018%20Feb\DDM%20-%20OR%20TAMBO%20-%20EC%20-300%20YOUTH.xlsx) |
| 9 | Whether the Department has done an assessment of value for money and impact on beneficiaries for all government-funded projects that have been implemented in Agriculture, Land Reform and Rural Development in the last 5-10 years. | The DRDLR has undertaken and continues to undertake evaluations of various programmes implemented by the Department. Most of the evaluations undertaken had an element of cost efficiency and effectiveness which assesses value for money. All the evaluations undertaken have a beneficiary impact analysis element. The evaluations are undertaken by the Evaluation Unit (Internally) and sometimes jointly with DPME. It should be noted that not all projects are covered but a sample of projects is drawn during the evaluations due to capacity constraints. | DRDLR |  |