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Driven by a desire to make a difference

Scientific Analysis of the Proactive Land Acquisition Strategy (PLAS): Eastern Cape

Results obtained from the PLAS portfolio in EC – 253 farms
Date: 15 May 2019

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1. INTRODUCTION

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BACKGROUND

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- Land reform introduced in '94 to supply poor rural people with land, generate employment & income
- Prior to PLAS: small land areas, large groups (conflict), non-viable units, no surplus production, no access to capital, markets, infrastructure, mentorship & financial management skills
- PLAS - aimed to support local planning, improve coordination, equip beneficiaries, acquire high potential land, improved beneficiary selection, improve land planning & ensure productive land use
- Land was to be transferred permanently after three seasons of productive land use
- Yet - many farms appear to function sub-optimally, some 'distressed'
- Thus - consultancy to analyse all farms in PLAS - ARC contracted for a scientific analysis in 2017

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PROBLEM STATEMENT

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- Generally accepted that land reform has not been successful in changing land use
- Lack of adequate and appropriate post acquisition support acknowledged
- Challenge - ability to monitor achievement of objectives in a scientifically defensible manner

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STUDY SCOPE & OBJECTIVES

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- Evaluate PLAS in total - all land, all beneficiaries
  a) To establish the potential of PLAS farms & categorise them according to potential
  b) To establish current performance on PLAS farms
  c) To establish a beneficiary profile and sound beneficiary selection criteria
  d) To establish the role of support in PLAS performance & define a suitable support model
  e) To provide a set of recommendations for the PLAS programme
- This presentation describes analysis of the PLAS portfolio in the Eastern Cape - 252 entities

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SCOPE OF WORK

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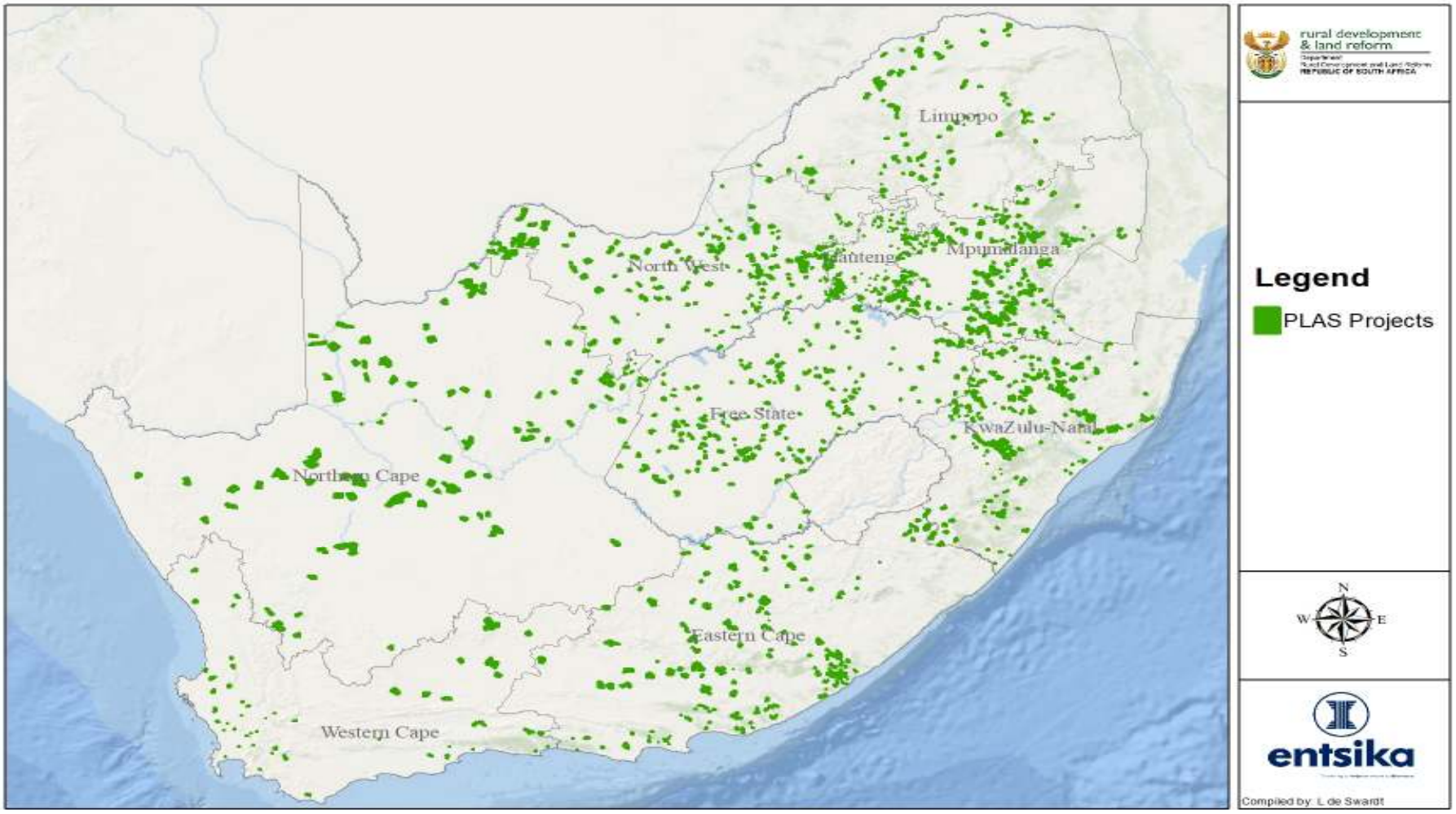

HIGH LEVEL PROCESS FLOW

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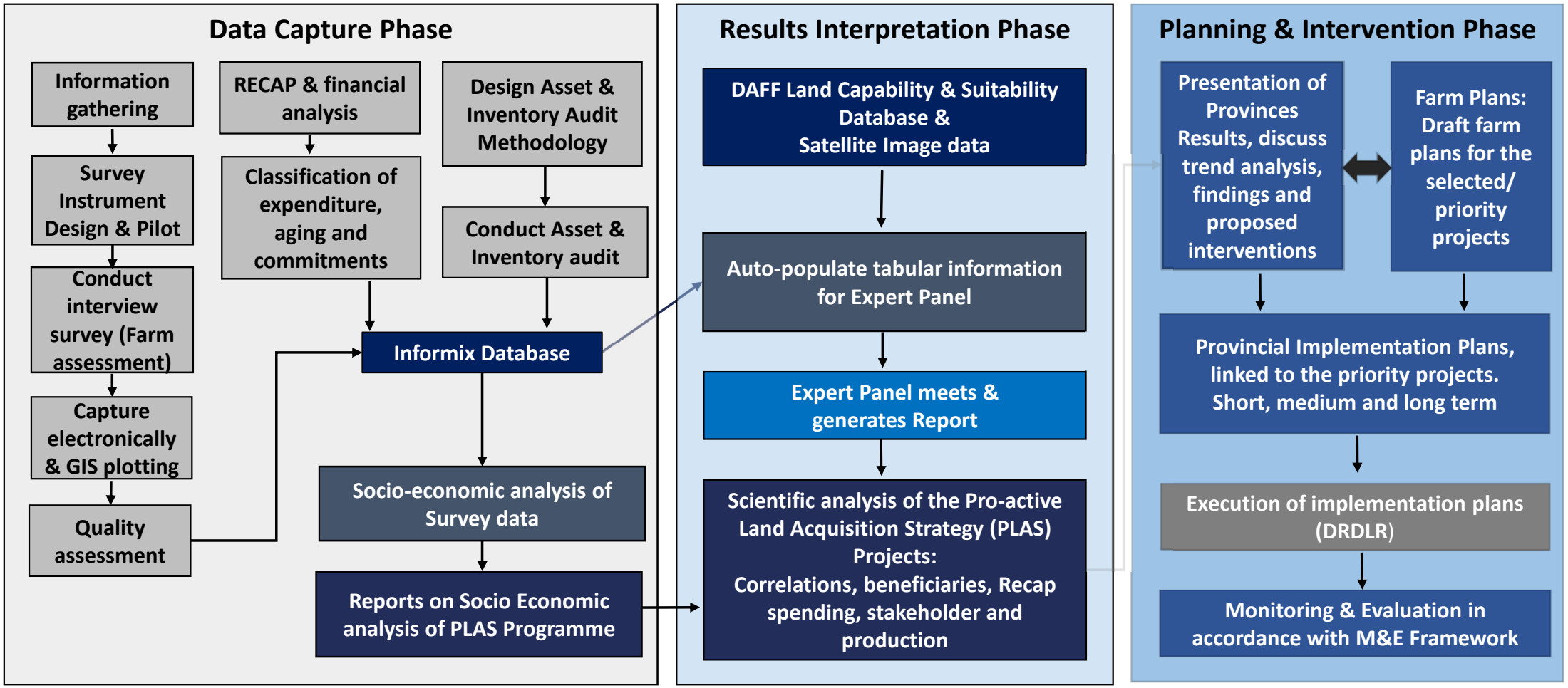

KEY FACTORS FOR SUCCESSFUL FARMING

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Aim: Create a cohort of black commercial farmers contributing to agricultural growth

Beneficiary	Human capacity / ability to sustainably manage a farm in accordance with PLAS objectives
Land	Availability & suitability of land for particular commodities
Infrastructure & Equipment	Access to infrastructure, farming equipment
Support	Support provided to the farm - accountants, extension, mentoring & recapitalisation
Market	Access to markets (formal/informal/supply agreements, etc.) & transport/storage logistics, etc.
Legal	Legal rights required for farming activities, e.g. water use rights, fire compliance, etc.

CRITICAL SUCCESS FACTORS

A farm's ability to produce to its potential is dependent on a number of **inter-linked, inter-related factors**

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2. METHODOLOGY

- Evaluation, methodology and processing
- Panel evaluation
- Farm categorisation

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EVALUATION METHODOLOGY

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STEP 1	General description of project provides context – location, size, enterprises, beneficiaries, etc.
STEP 2	Scoring agro-ecological status – soil, climate, topography, water, suitability & degradation status
STEP 3	Potential productivity vs current productivity reported by beneficiary (net income)
STEP 4	Potential/actual productivity compared with investment (purchase price & recapitalisation); suggested annual rent based on 1% of purchase price / 5% of projected net annual income
STEP 5	a) Infrastructure quality & quantity – broad infrastructure status index b) Beneficiary capability using a compound index calculation of productivity, sustainability, farm condition & support utilisation
STEP 6	Define limitations (e.g. water, infrastructure, finance) & risks (e.g. security, fire, pests & diseases)
STEP 7	Project presented as spider graph, according to 5 criteria: potential, viability, infrastructure, beneficiary capability, ROI Categorise project, define risks & limitations, provide recommendations

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Step 1: PROJECT BACKGROUND

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Step 1:	Detail of project (Orientation)
Province, District	
Project Number	
Project Name	
Size	
Arable, grazing, irrigable land area	
Intensive farming infrastructure	
Price paid, date	
Recap Amount, date	
When occupied?	
Purpose for acquisition?	
How long on farm?	
Number of residents/dependents	
Nearest town	
Beneficiary status – full/part-time	
Experience: (years in farming)	
Gender, age, education	
Water rights	

Information is captured on database during information gathering & farm visits:

Beneficiary Information GP00000011 Lutendo

PLA00012406 PTN 30 OF FARM ELANDSFONTEIN NO.277 IQ

1 Beneficiary Information

1.1 Name of the beneficiary:	Sarah Modau
1.2 ID number of the beneficiary:	6003170296089
1.3 Date of interview:	2017-08-31
1.4 Contact Details:	0810055713
1.5 Province:	Gauteng
1.6 Metro/District:	Randfontein
1.7 Local Municipality/Region:	Randfontein Local Municipality
1.8 Area/Location:	West Rand
1.9 Ward:	9
1.10 Main gate coordinates:	-26.251192,27.506860
1.11 Project Name:	Lutendo
1.12 Property Description:	Ptn 30 of farm Elandsfontein no.277 IQ

2.1 Farm details and background information

2.1 Background to project under review, at date of acquisition

A request for approval was submitted to acquire the said property under the Proactive Land Acquisition Strategy. The property in question is Portion 30 (a portion of portion 17) of farm Elandsfontein 277 IQ 146,6748 in extent situated in the District of Randfontein, Gauteng Province.

The property will be used for crop and vegetable production. During acquisition, there were no farming activities taking place on the property. The farm has well developed infrastructure for both crop and vegetable production. The area where the farm is located is characterized with mixed farming activities with the carrying capacity of 5-6 ha/ LSU.

The farm has adequate source of water with five equipped boreholes for both domestic and production purposes. There are no water rights registered on the property. The subject farm is located on the high veld of Gauteng with an average summer rainfall of between 600-700 mm pa. The property is not subject to any claim under any land restitution legislation.

2.1.1 Acquisition date of the project (Acquisition memo)	2007-05-28
2.1.2 Acquisition date of the project (NAR)	2008-03-31
2.1.3 Date of Valuation Report	2006-11-02
2.1.4 Valuation Report recommended Price:	R 2 100 000.00
2.1.5 Negotiated Price(Acquisition Memo):	R 2 100 000.00
2.1.6 Acquisition price (NAR):	R 1 716 101.00
2.1.7 Total size (ha):	146.6748

Step 2: AGRO-ECOLOGICAL ASSESSMENT OF THE PROJECT

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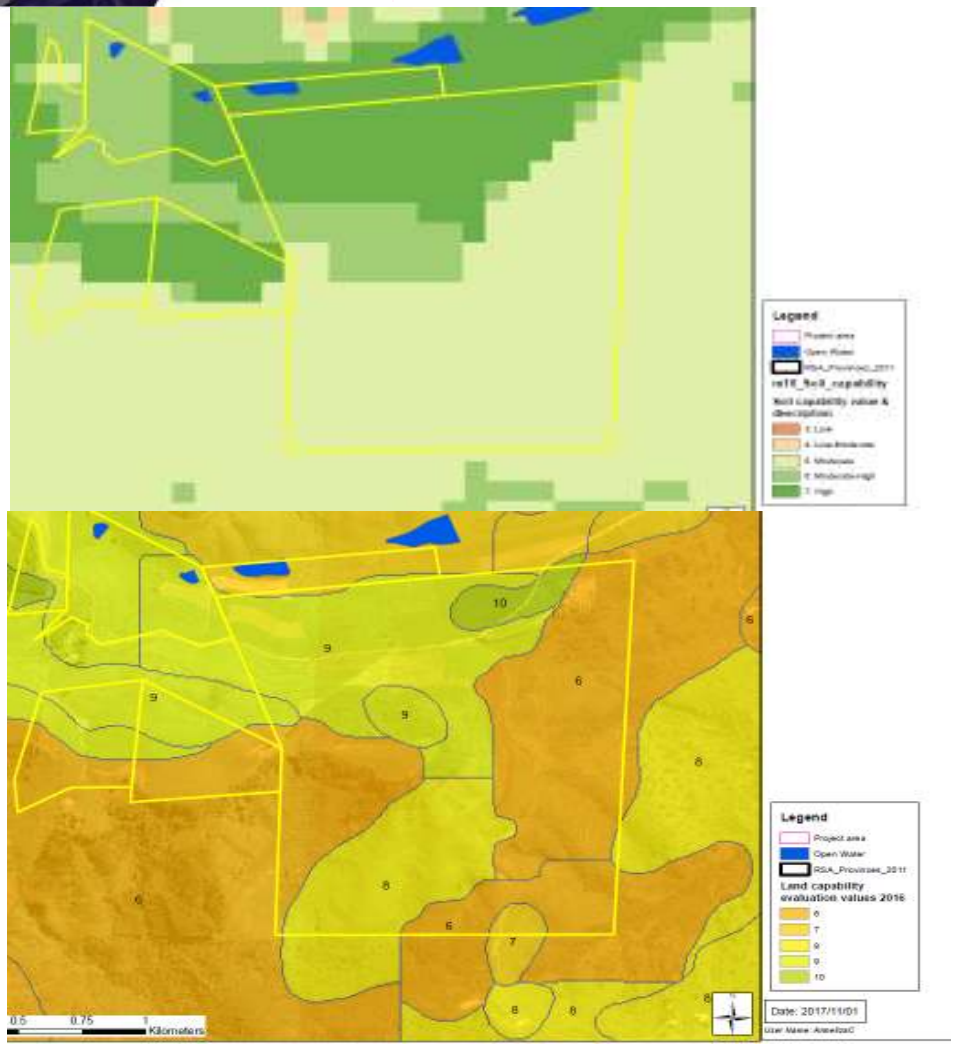
Step 2:	Evaluating the agro-ecological status			
Natural Resource	**Area**	**Weight (Area/ Total Area)**	**Capability**	**Score (1, 2, 3) (Weight x Condition x Capability)**
Soil Capability for cultivation	300 ha	0.3	2	0.6
Soil Capability for irrigation	100 ha	0.1	3	0.3
Rangeland Capability	600 ha	0.6	2	1.2
Total productive area				1000 ha
Total score out of 3				**2.1/3**
Climate capability				**3/3**
Average rainfall & average temperature (for guidance only)				750, 15
Topography				**2/3**
Water available				**2/3**
Degradation				**-1**
Total Score out of 12				**8.1/12**



Step 2: AGRO-ECOLOGICAL ASSESSMENT, USING DAFF DATA

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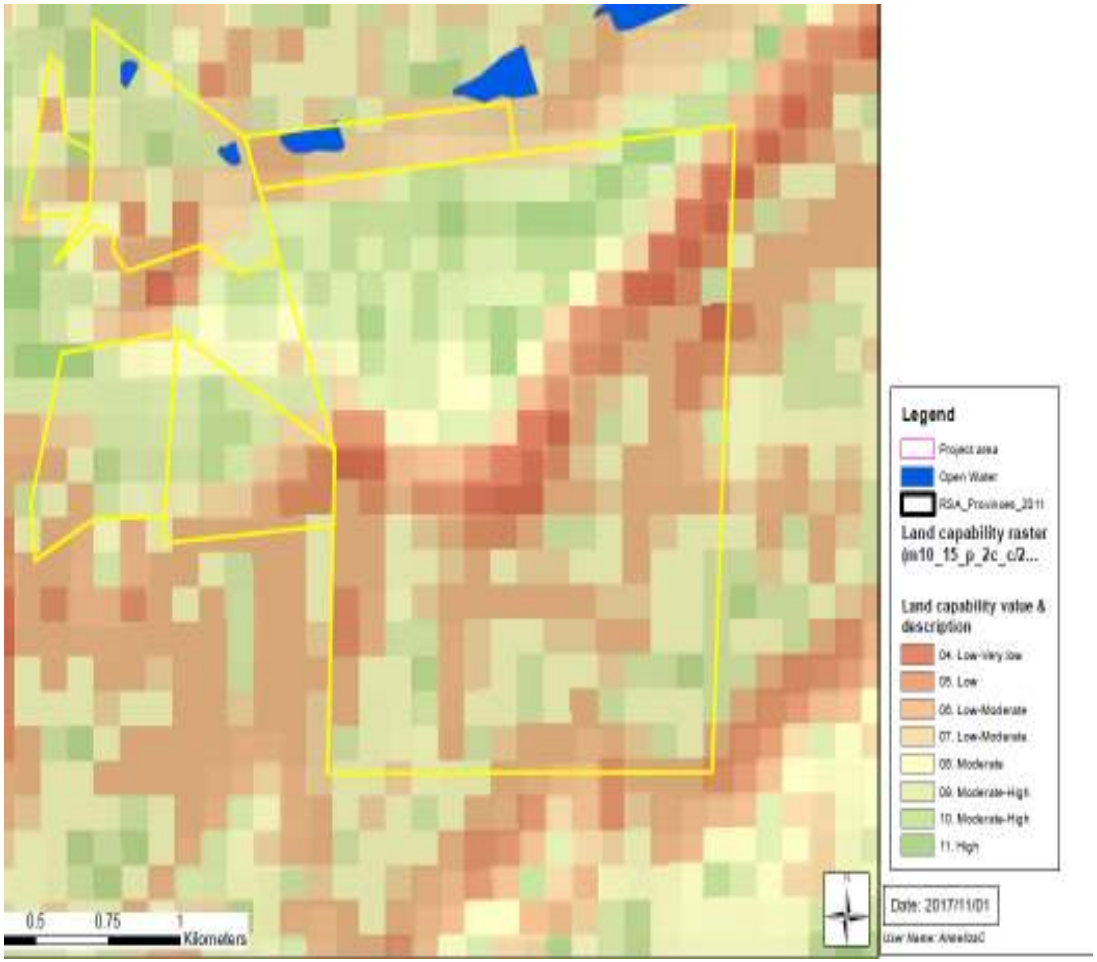

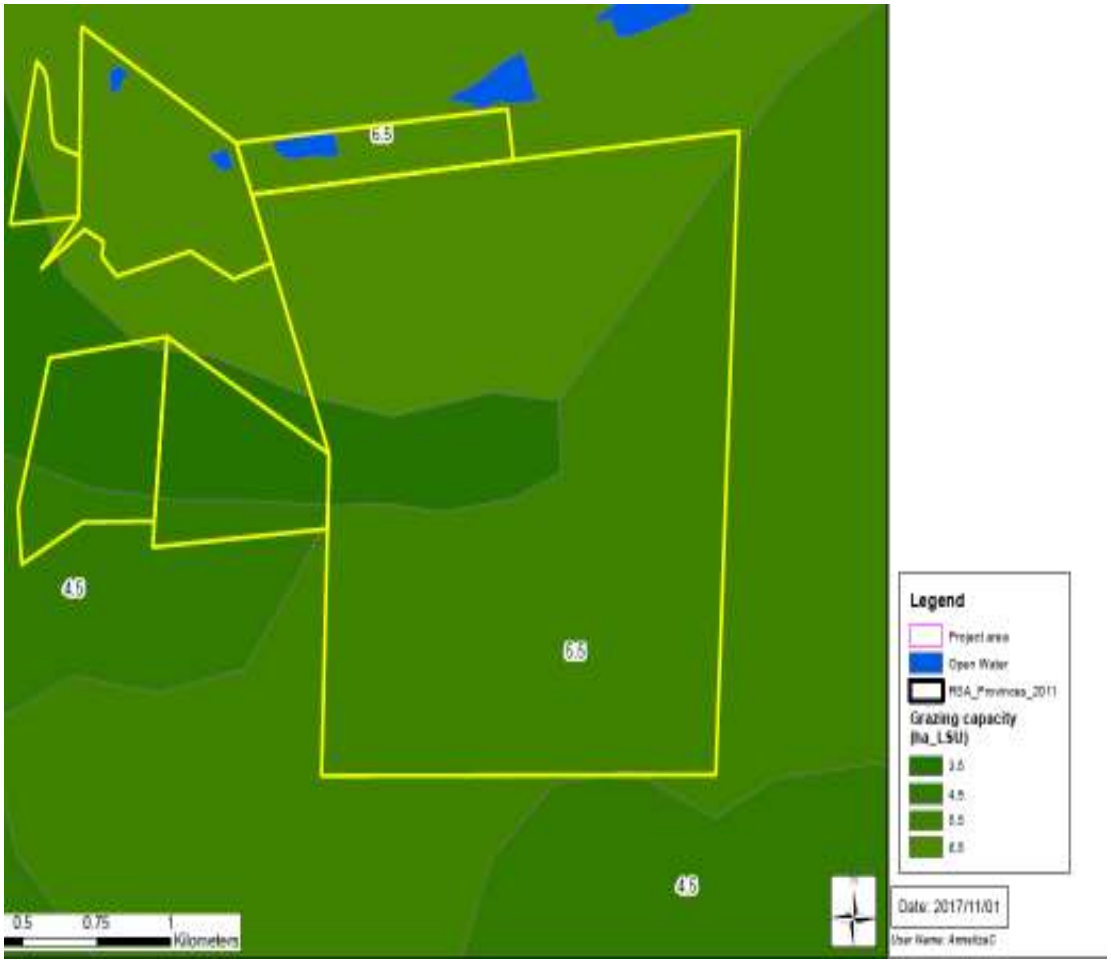

Step 3a: POTENTIAL (OPTIMAL) COMMODITIES

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Step 3a:	Determine potential commodity mix, productivity, viability					
Commodity	**Detail**	**Optimal # / ha**	**Potential offtake p.a.**	**Price /unit**	**Less % input cost**	**Potential income**
Livestock	Beef	120	72	R5 000	30	R360 000
	Dairy	50	240 000 (l)	R4	60	R960 000
	Sheep	200	180	R1500	25	R202 500
Field crops	Maize	100	3t/ha	R2500	40	R450 000
	Soya				20	
	Wheat				30	
Fruits	Nuts	10	3	R40 000	50	R640 000
	Subtropical				50	
	Pomological				50	
	Stone fruit				50	
Vegetables	Tunnel t'toes				60	
	Veg 2					
	Veg 3					
Other	2ha					
Potential annual gross income						**R2 612 500**
Viable – good, fair, poor according to category						

Example:

Beef cattle:
1 Bull, 120 cows
Given a 60% calving percentage, 72 calves p.a. can result in ± R360 000 income p.a – R120 000 cost

5LSU per / ha = need 600ha for a viable herd

3.1.2 Potential annual Net income (return on investment)	R 12 329 760.00
3.1.3 Viability score	3

Legend

(3) >700000	(2)R350000-R700000	(1) R150000-R349999	(0) <R150000

Step 3b: CURRENT COMMODITY PERFORMANCE

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Step 3b:	Evaluate current commodity mix, productivity						
Commodity	**Detail**	**Actual # or area**	**Composition (M<F<Y)**	**Reproduction % or yield**	**# or tons sold**	**Price / unit**	**Income obtained**
Livestock	Beef	100	3, 30, 10	33%	10	R5 000	R50 000
	Dairy	50					
	Other	120					
Field crops	Maize	100 ha					
	Soya	80 ha					
	Other						
Fruits	Nuts	10 ha					
	Subtropical	40 ha					
	Other						
Vegetables	Tomatoes	1.5 ha					
	Veg 2	2 ha					
Actual gross income obtained							
Current productivity (good, fair, poor)							

PANEL EVALUATION - Step 4

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Section 4 - Return On Investment

4.1 Investment in farm (purchase price + recap)	R 35 800 000.00
4.1.1 Purchase Price	R 35 800 000.00
4.1.2 Recap Amount	
4.2 Potential net income	R 12 329 760.00
4.3 % potential annual return on Investment	34.44
4.3.1 Potential ROI: Poor(1) <5, Fair(2) 5-9.9,Good(3)>10	3
4.4 Net income reported	R 10 400.00
4.5 % actual annual return on Investment	0.03
4.5.1 Actual ROI: Poor(1) <5, Fair(2) 5-9.9,Good(3)>10	1
4.6 Lease option 1 - 1% of purchase price	R 358 000.00
4.7 Lease option 2 - 5% of projected potential net income	R 616 488.00

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PANEL EVALUATION – Step 5

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Section 5 - Infrastructure and Capability	
5.1 Sufficient and Suitable Infrastructure	
5.1.1 Staff housing	
5.1.1.1 Condition (based on inventory)	2
5.1.1.2 Sufficient to farm (panel)	3
5.1.2 Production infrastructure (immovable assets (sheds, tunnels, animal housing, etc.))	
5.1.2.1 Condition (based on inventory)	1
5.1.2.2 Sufficient to farm (panel)	1
5.1.3 Fencing	
5.1.3.1 Condition (based on inventory)	1
5.1.3.2 Sufficient to farm (panel)	1
5.1.4 Water equipment,	
5.1.4.1 Condition (based on inventory)	1
5.1.4.2 Sufficient to farm (panel)	1
5.1.5 Production equipment (tractors, scales, etc.)	
5.1.5.1 Condition (based on inventory)	1
5.1.5.2 Sufficient to farm (panel)	1
5.1.6 Total	13
5.1.7 Actual Infrastructure Rating :Poor(1)<15 , Fair(2) 16-24 , Good(3) >24	1
	No cultivation equipment seen on the inventory or assets register
5.2 Beneficiary capability	
5.2.1 Productivity: Is this project currently productive as a commercial farm ?	0
5.2.2 Farm condition:Is the infrastructure maintained ? – fencing, buildings, general hygiene, equipment, etc.	1
5.2.3 Sustainability: Is the project being sustainable managed (Indications of erosion, degradation, overstocking, soil nutrient mining)	3
5.2.4 Support utilization: Is support being used (Mentor, Partner, Extension, Link to Coop)	1
5.2.5 Total score (12)	5.00
5.2.6 This Beneficiary capability is rated: Poor(1)<6 , Fair(2) 6-9 , Good(3) >9	1

Legend

Good(3) = >9	Fair(2)= 6-8.9	Poor(1)= 6

PANEL EVALUATION – Step 6

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Section 6 - Risks and Limitations

Legend

Low = 1	Significant = 2	Severe = 3	N/A = 0

6.1 Risks	
6.1.1 Erosion	1
6.1.2 Bush encroachment	2
6.1.3 Invasive plants	2
6.1.4 Pests & diseases	3
6.1.5 Security	3
6.1.6 Fire	2
6.1.7 Floods	2
6.1.8 Water availability	1
6.1.9.1 Risk description	
6.1.9.2 Risk Rating	
6.1.10 Total Score	16.00
6.1.11 Project Risk Rating (Low <6 , Significant 6-11, Severe >11)	Severe

Legend

Low(1) = <6	Significant(2)= 6-11	Severe(3)= >11

6.2 Limitations	
6.2.1 Water (rights)	1
6.2.2 Age/succession	1
6.2.3 Infrastructure	3
6.2.4 Support (extension service / mentorship)	3
6.2.5 Access to finance	3
6.2.6 Skills/expertise	3
6.2.7 Degraded	2
6.2.8 Total Limitations Score	16.00
6.2.9 Project Limitations Rating (Low <6 , Significant 6-11, Severe >11)	Severe

Legend

Low(1) = <6	Significant(2)= 6-11	Severe(3)= >11

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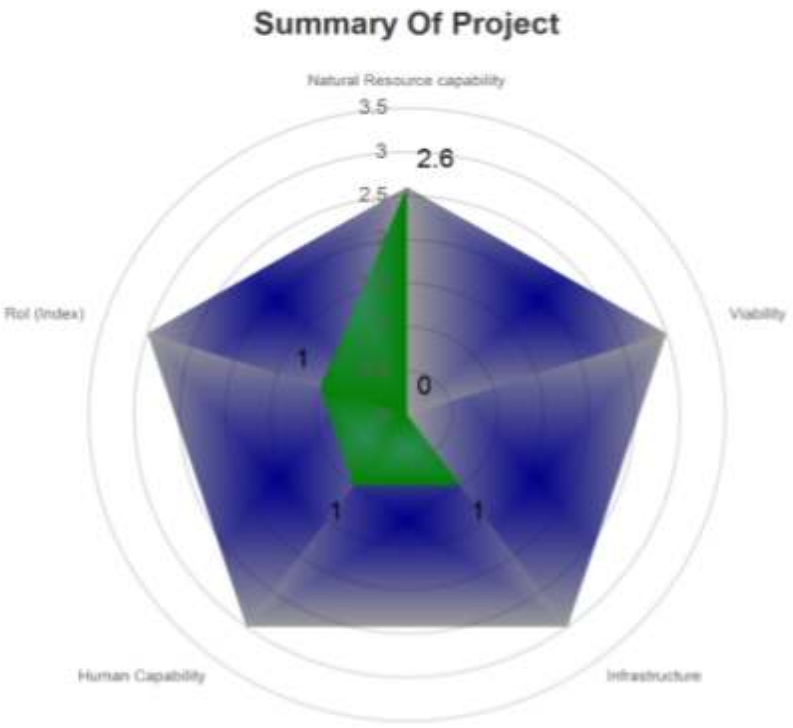
PANEL EVALUATION – Step 7



7.5 Suggested interventions

This project/farm is commercially viable and currently has a low actual production. The project requires a detailed farm level technical evaluation. There is no evidence of over-exploitation. Suggested commodities should be considered as alternatives to current commodities and suggestions based on this evaluation should be considered (see 7.6). The beneficiary is fairly motivated and skilled, and requires significant additional training/support towards integration into the value chain.

7.6 Panel Final Recommendations

This is a highly commercially viable farm but requires a full technical evaluation in order to ensure full potential productivity. The property has a dairy facility which should form part of the technical evaluation. The property is managed under a cooperative agreement but it is not clear how many cooperative members there are. Depending on the results of the technical evaluation, production and infrastructural investment is recommended. Current production is very low probably due to lack of access to finance, poor infrastructure and beneficiary capability. A strategic partner is mentioned but no details are available.

FARM CATEGORISATION

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CATEGORISATION OF A FARM – GIVEN POTENTIAL ENTERPRISES

- PLAS analysis includes a categorisation of farms in terms of potential **viability**
- Farm categorisation is based solely on the aggregate panel score of the farm's agro-ecological status and related viability of commodities, **potentially** produced, given the inherent natural resources of the farm:

Category 1	**Non-viable for farming**	**Unable to support substantial income above R 150 000 pa – insufficient resources**
Category 2	**Livelihood based farming**	**Able to provide income of R 150 000 – R 349 000 pa – supplementing other income**
Category 3	**Medium-scale viability**	**Provide income of R 350 000 – R 700 000 pa – with limited surplus**
Category 4	**Commercially viable**	**Net income above R 700 000 pa – extensive surplus production**

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FARM CATEGORISATION (potential vs actual)

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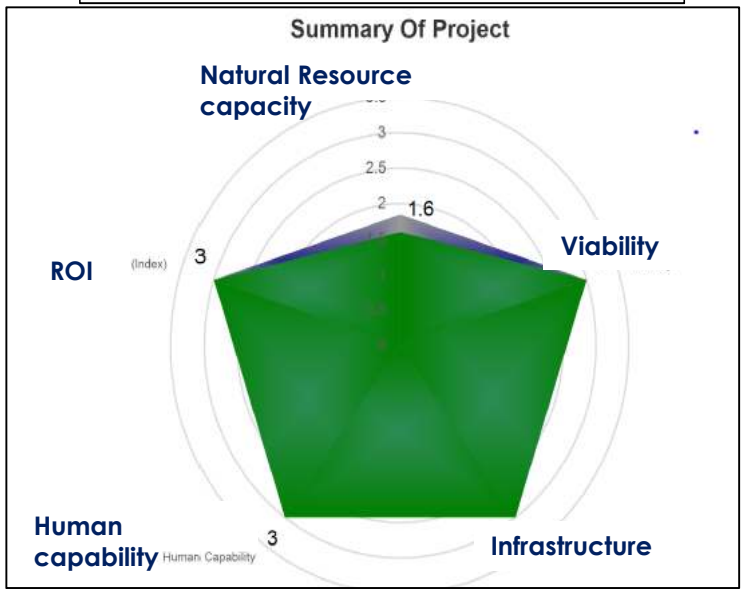
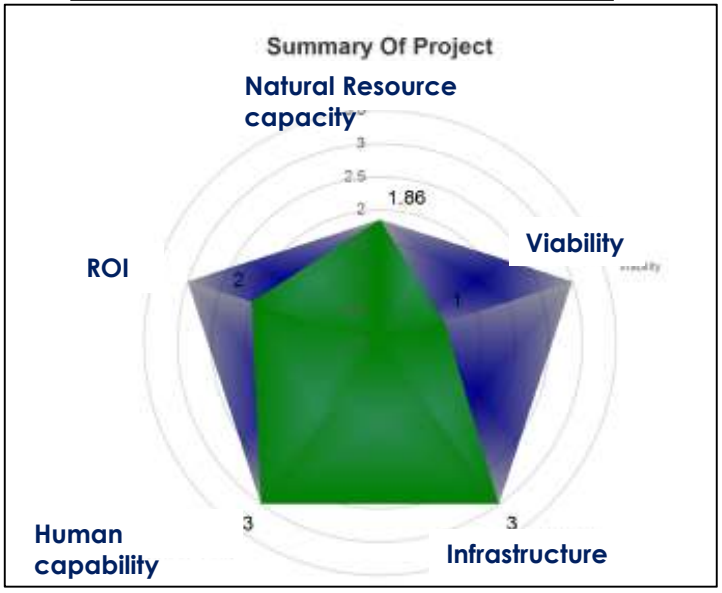
Examples of the dashboard's produced, as a result of the panel analysis

- Blue being potential
- Green actual achievements of the project as provided by the beneficiary

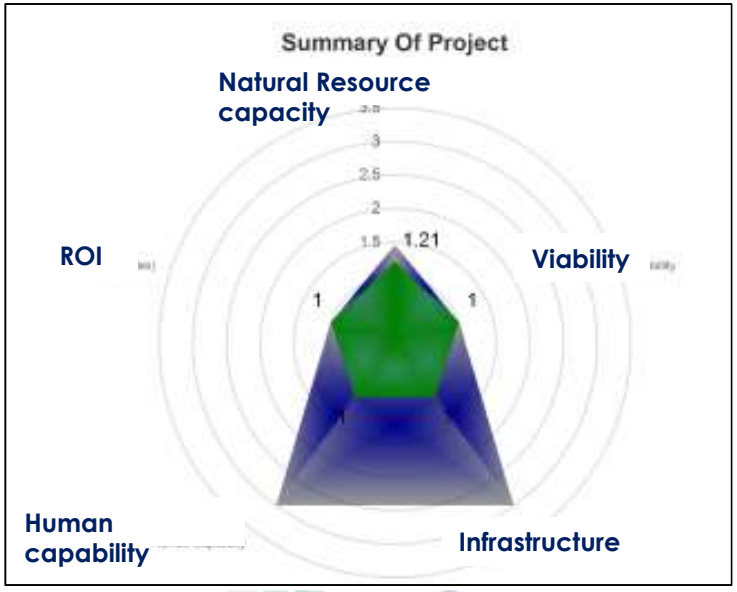
Commercially Viable Project



Commercially Viable Project



Non-Viable Project



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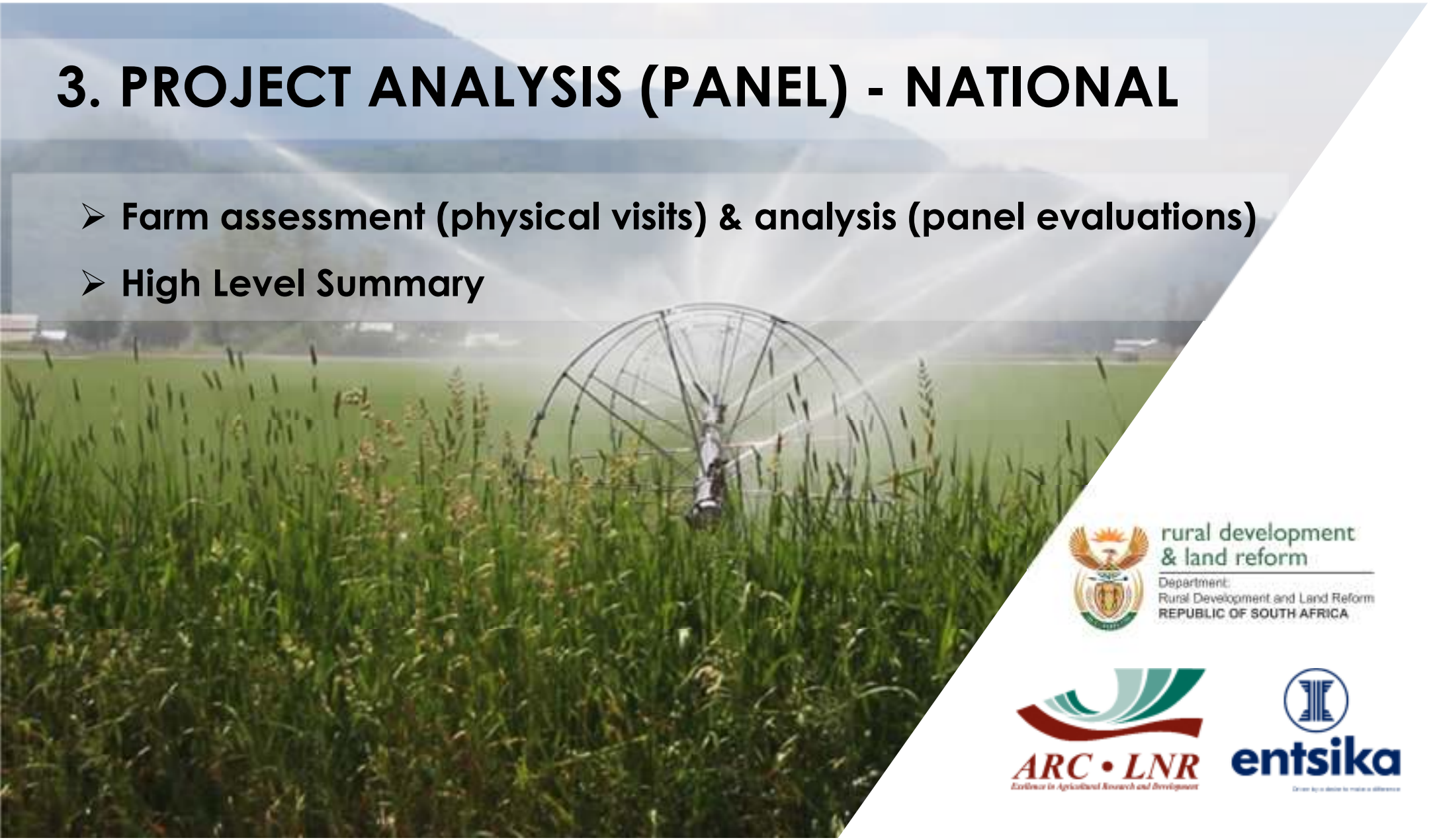
3. PROJECT ANALYSIS (PANEL) - NATIONAL

- Farm assessment (physical visits) & analysis (panel evaluations)
- High Level Summary



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Final numbers – farm visits & evaluations

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Province	Projects	Site visits	No-visit projects	No-panel projects	Projects reported
Eastern Cape	294	253	41	0	253
Free State	324	292	32	4	288
Gauteng	215	199	16	0	199
KwaZulu-Natal	324	300	24	42	258
Limpopo	144	137	7	0	137
Mpumalanga	397	389	8	6	383
North West	309	271	38	5	266
Northern Cape	160	152	8	12	140
Western Cape	68	68	0	3	65
Total	2235	2061	173	72	1989

- 22 panels (90 days) between October 2017 and February 2019
- 26 ARC scientists

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HIGH LEVEL RESULTS OF PROJECTS ANALYSED:

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Category	Overall	Actual Net Income	Potential Net Income	Variance	Recap	Actual Net Income	Potential Net Income	Variance	No Recap	Actual Net Income	Potential Net Income	Variance
Commercial	1183	±R412m	±R2.7b	±R2.3b	413	±R186m	±R1.1b	±R0.9b	770	±R226m	±R1.6b	±R1.4b
Medium scale	472	±R47m	±R240m	±R0.2b	103	±R14m	±R54m	±R40m	369	±R32m	±R187m	±R154m
Livelihood	195	±R16.5m	±R48m	±R31m	24	±R2.3m	±R6.3m	±R4m	171	±R14m	±R42m	±R28m
Non-viable	140	±R7m	±R8m	±R1m	17	±R1.8m	±R0.8m	±R1m	123	±R5m	±R7m	±R2m
Totals	1990	±R482m	±R3b	±R2.5	557	±R203m	±R1.2b	±R1b	1433	±R278m	±R1.9b	±R1.6b

Fact sheet of the 1990 projects:

- 1183 of the 1990 projects are commercially viable
- Potential income of R3 billion versus actual of R482 million – R2.5 billion lost
- On 1183 commercially viable – R2.37 billion lost

Fact sheet of the 1433 projects, "No RECAP" received:

- 770 "No RECAP" commercially viable projects
- Potential income of the 770 projects – R1.6 billion

4. PANEL REVIEW – Eastern Cape

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PANEL ANALYSIS – 252 EC FARMS

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Project Category	Frequency	Percent	No RECAP	RECAP	Actual Net Income	Potential Net income	Variance
Commercial	140	56%	101	39	R38.8m	R264.4m	R225.6m
Medium scale	69	27%	55	14	R7.4m	R35.3m	R27.8m
Livelihood	25	10%	23	2	R1.4m	R6.3m	R4.9m
Non-viable	18	7%	18	0	R0.4m	R1.1m	R0.8m
Total	252	100%	197	55	R48m	R307m	R259m

- Major potential income losses are evident – this could contribute to national food security and GDP
- Difference between potential and actual income due to challenges with beneficiary selection, support?
- Approximately 71% of EC farms that received Recap have the potential to be commercially viable

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LAND AREAS AND AGRICULTURAL LAND IN SA (ABSTRACT OF AGRICULTURAL STATISTICS, 2019)

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	Total area (ha)	% agricultural land	% arable land	Commercial units
South Africa	122 320 100	82.3	13.7	39 966
Northern Cape	36 338 900	81.3	1.3	5 128
Eastern Cape	17 061 600	86.8	6.9	4 006
Free State	12 943 700	90.9	32.6	7 473
Western Cape	12 938 600	89.3	19	6 653
Limpopo	11 960 600	88.2	14.2	2 934
North West	11 871 000	85.1	28.3	4 902
KwaZulu Natal	9 148 100	71.4	13.1	3 574
Mpumalanga	8 181 600	60.9	21.1	3 523
Gauteng	1 876 000	44.2	23.4	1 773

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NATURAL RESOURCES OF EC PLAS FARMS

- Science of successful farming = optimally & sustainably harnessing natural resources
- Only 3% of SA is truly fertile - climate change brings additional challenges (rainfall)
- EC is 2nd largest province - largest share of SA's livestock – 38% of goats, 29% of sheep & 24% of cattle
- 15% of SA's milk producers & 3rd most game farms - ± 25% of all milk nationally
- Largest wool-producing province, exporting >90% & > 50% of mohair on the planet
- Broken land surface precludes much large scale agronomy, but various crops are cultivated
- Products include chicory, hemp, tea,, pineapples (most in SA), citrus (most in SA), etc.

KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

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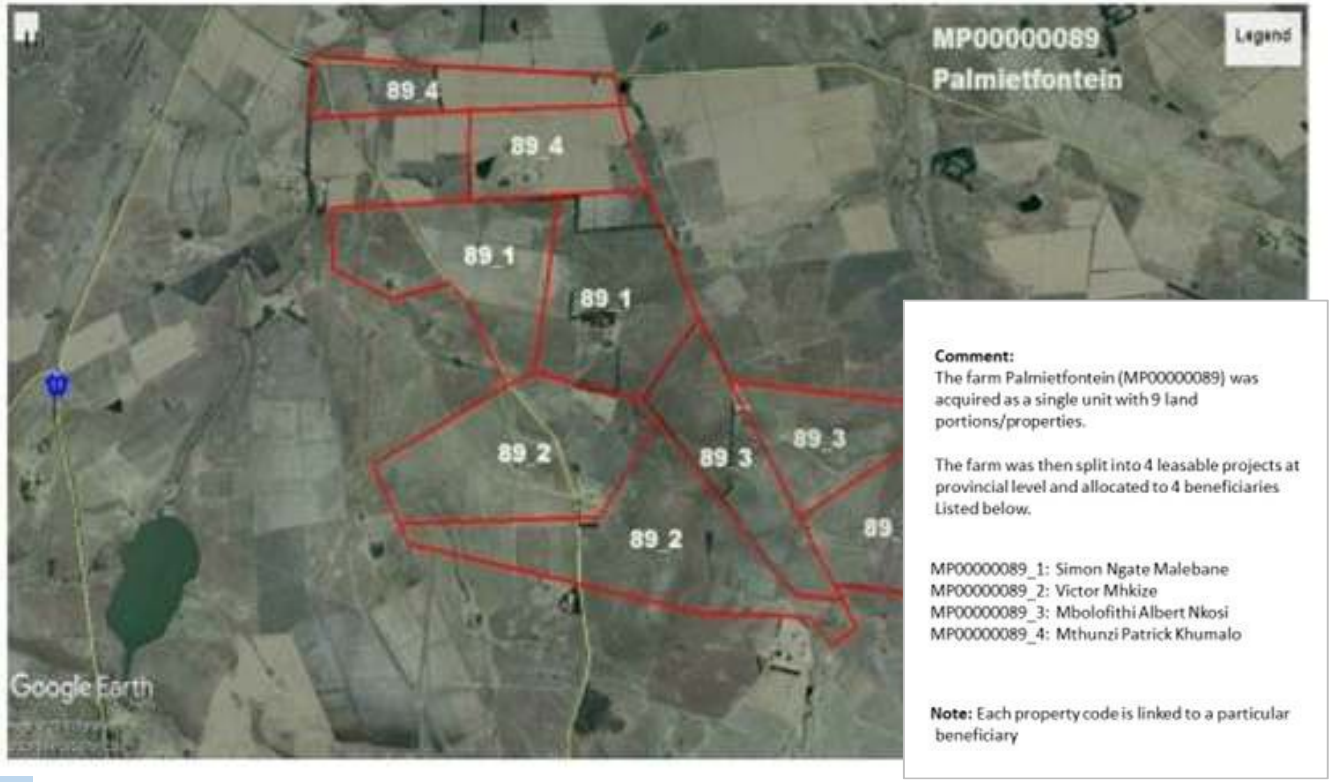
- 56% of farms bought - commercially viable
- Higher potential NR scores on viable farms
- Some farms had constrained water access
- Water rights a major issue on irrigation farms
- Subdivision is a problem (splits)



Comment:
The farm Palmietfontein (MP00000089) was acquired as a single unit with 9 land portions/properties.

The farm was then split into 4 leasable projects at provincial level and allocated to 4 beneficiaries Listed below.

MP00000089_1: Simon Ngate Malebane
MP00000089_2: Victor Mhkize
MP00000089_3: Mbolofithi Albert Nkosi
MP00000089_4: Mthunzi Patrick Khumalo

Note: Each property code is linked to a particular beneficiary

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DISTRICT OVERVIEW OF EC PROJECTS

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District	Farms	Farm Size	Productive Area
Alfred Nzo	17	13 019.26	13 003.31
Amathole	50	35 159.94	34 702.88
Buffalo City	16	3 649.62	3 625.10
Chris Hani	46	52 244.68	51 359.64
Joe Gqabi	32	29 397.55	29 280.30
Nelson Mandela Bay	6	372.13	371.13
Sarah Baartman	85	98 574.15	98 048.20
Total	252	232 417.30	230 390.60

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POTENTIAL & ACTUAL PERFORMANCE: EC PLAS (approximately)

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District	Potential Net income	Actual Net Income
Alfred Nzo	R39.9m	R4.6m
Amathole	R51m	R9.2m
Buffalo City	R25m	R2.3m
Chris Hani	R53m	R11.1m
Joe Gqabi	R21m	R6m
Nelson Mandela Bay	R3m	R0.31m
Sarah Baartman	R114m	R14m
Total	R307m	R48m

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RECAP ALLOCATION - EC

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	Alfred Nzo	Amathole	Buffalo City	Chris Hani	Joe Gqabi	NMB	S Baartman	Total
No RECAP	14	40	11	30	26	5	71	197
RECAP	3	10	5	16	6	1	14	55
Recap Amount	R15,4m	R22m	R21,6m	R53m	R11,8m	R4,5m	R48,8m	R177m
% Total RECAP	9%	12%	12%	30%	7%	3%	28%	100%

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RECAP ALLOCATION - EC

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	Beneficiary Capability			
	Poor	Fair	Good	Total
No RECAP	70%	28%	3%	100%
RECAP	33%	62%	5%	100%
Total	62%	35%	3%	100%

Project Category	Recap Amount
Commercially viable	R131.4m
Medium scale	R42m
Livelihood based	R3.8m
Non-viable	R0.00
Total	R177m

- 5% of beneficiaries that received RECAP are at level 3 capability
- 69% of RECAP receivers were male
- 53% use the services of a bookkeeper or an accountant
- No criteria evident in selecting beneficiaries of RECAP
- R131 million provided to commercially viable farms – 74% of total RECAP

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IMPACT OF RECAP?

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	Income Reported			
	Below 150k	R150 – R349k	R350 – R699k	Above 700k
No RECAP	68%	21%	8%	4%
RECAP	62%	20%	5%	13%
Total	66%	21%	7%	6%

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RECAP IMPACT - INFRASTRUCTURE

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	Infrastructure Score			
	Poor	Fair	Good	Total
No RECAP	80%	18%	2%	100%
RECAP	40%	51%	9%	100%
Total	71%	25%	4%	100%

- Most non-recapped farms have either poor (80%) or fair infrastructure (18%)
- Most recapped farms have fair (51%) & poor infrastructure (40%)
- Recap resulted in some improvement on farm infrastructure, but inexplicably, not to a good level of sufficiency and condition.

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RECAP ANALYSIS

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- High potential beneficiaries not prioritised - inconsistent with PLAS aimed at supporting commercial graduation
- No significant impact on productivity - most recapped farms viable, yet still relatively unproductive
- Limited increase in infrastructure score - poor management of funds, beneficiary's maintenance?
- Misappropriated funds reported in assessments - ± 20% of EC RECAP farms did not fully account for RECAP
- In value terms, 23% of total RECAP payments not accounted for in March 2019 - inability / unwillingness?
- Limited accountability on selection, disbursement & management of funds a concern
- Low return on investment in terms of RECAP - low impact on infrastructure, productivity & profitability

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BENEFICIARY CHARACTERISTICS

- 55% of farms have 1 beneficiary, 8% have 2, average is 4 - conflict often noted with multiple beneficiaries
- Average age of 252 PLAS beneficiaries in EC - 55 years (below SA & int. average)
- 79% male, 21% female - study: each additional R1 earned by a woman has same impact as R11 earned by a man
- 42% of beneficiaries completed secondary & 37% tertiary education - insufficient data for conclusions on impact
- Average farming experience - approximately 23 years, vast majority (93%) involved full-time
- Years of agricultural experience does not appear to have a significant impact on productivity
- 35% of beneficiaries have not registered any legal entity

BENEFICIARY SELECTION CRITERIA

- Clear, realistic selection criteria, stringently applied - critical to transform sector & ensure productive land use
- Existing PLAS framework criteria:
  - Applicant must not be employed by government / public entity
  - Must live on the farm following lease approval
  - Must be a graduate of some recognised institution or have experience
  - Priority to women, youth with basic skills or willingness to acquire such skills
  - Non-eligibility of public servants (repeated!)
- PLAS policy focussed on capacitating & supporting beneficiaries with commercial potential - yet, only 6% in EC have a commercial level income and only 3% of all beneficiaries have a good capability score

Beneficiary selection potentially the most NB factor influencing PLAS success - review of criteria necessary

KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

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- No defined selection criteria - need for review
- Average age 55 years & 21% female
- Education level high - 79% secondary & above
- Average farming experience - 23 years
- 21% recorded low productivity
- 6% performed at commercial level
- Little correlation between experience & productivity
- 55% of farms have a single beneficiary

- Many have not registered any form of legal entity through which to operate their enterprise
- Compliance with legislation and governance low
- Good Agricultural Practices (GAP) requirements - minimum wage, tax laws, water rights and biodiversity
- Lease agreements not implemented (not paid)
- Subleasing is evident in certain cases - illegal
- Labour wages much lower than the national minimum rates

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SUPPORT SERVICE ANALYSIS

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- 62% of EC PLAS farmers have access to extension, 86% of this extension comes from the state
- 29% of them receive state extension monthly, 57% bi-annually
- 27% of RECAP farmers have a mentor, 67% identified these themselves
- Less than 1% of RECAP farmers are in strategic partnerships
- Less than 1% of RECAP farms use extension, mentors and strategic partners
- 35% of RECAP farms use extension and either a mentor or Strat partner and 64% use extension only
- 37% have a bookkeeper & 38% belong to farmer organisations - 46% of RECAP farmers were members
- 37% received training - 47% of RECAP farmers received training
- Some association between support and productivity - further national analysis will clarify
- ± 35 commodity groups in SA, some with established support programs aimed at new entrants?
- ***Recommendation: Selection criteria for support - workshop planned***

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KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

- Support services in EC are limited - Panel suggests this is a critical limitation
- Mentoring often lacks impact - suitability, monitoring required
- Broader, more accessible training packages beyond production is needed
- Lack of knowledge in areas such as finance, logistics and management in general
- Support did not yield the intended benefits in terms of farm productivity
- Lack of clarity in selection criteria of support agents (mentors, strategic partners)
- Frequency of extension visits & nature of service also contributing factors
- Clear roles, responsibilities and selection criteria for support agents are required
- Consultative workshop involving project & external stakeholders planned

INVESTMENT – EC PLAS

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Category	Investment in farm	% of Investment	Actual ROI	Potential ROI
Commercially viable	R1,251,271,853.70	68%	3.58	27.85
Medium scale	R363,362,932.86	20%	3.38	20.69
Livelihood	R196,770,647.98	11%	4.96	23.18
Non-viable	R26,589,641.18	1%	3.03	5.93
Total	R1,837,995,075.72	100%	3.63	23.88

R1.84 billion invested in EC PLAS farms, 88% on commercially viable & medium scale farms

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INVESTMENT – EC PLAS

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	Alfred Nzo		
Category	Investment in farm	Actual ROI	Potential ROI
Commercially viable	R140,540,511.69	6.52	33.01
Medium scale	R630,000.00	8.24	63.35
Total	R141,170,511.69	6.62	34.79

	Amathole		
Category	Investment in farm	Actual ROI	Potential ROI
Commercially viable	R210,833,930.59	2.61	23.88
Medium scale	R69,631,422.65	2.18	14.94
Livelihood	R11,899,383.86	2.27	8.11
Non-viable	R3,111,574.17	0.97	13.63
Total	R295,476,311.27	2.40	19.94

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INVESTMENT – EC PLAS

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	Buffalo City		
Category	Investment in farm	Actual ROI	Potential ROI
Commercially viable	R64,988,971.95	2.96	37.13
Medium scale	R28,249,405.29	0.67	15.65
Livelihood based	R145,472,911.06	1.22	5.89
Non-viable	R1,519,969.90	0.00	9.39
Total	R240,231,258.20	1.92	25.38

	Chris Hani		
Category	Investment in farm	Actual ROI	Potential ROI
Commercially viable	R282,221,175.60	4.73	36.93
Medium scale	R104,587,728.08	5.86	31.48
Livelihood	R3,482,738.28	11.74	51.22
Non-viable	R4,514,491.90	0.00	1.02
Total	R394,806,133.87	5.62	35.68

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INVESTMENT – EC PLAS

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	Joe Gqabi		
Category	Investment in farm	Actual ROI	Potential ROI
Commercially viable	R77,073,094.86	4.18	20.14
Medium scale	R51,104,355.53	3.49	17.39
Livelihood based	R7,934,135.00	1.71	15.36
Non-viable	R1,224,446.36	22.56	8.90
Total	R137,336,031.75	4.68	17.49

	Nelson Mandela Bay		
Category	Investment in farm	Actual ROI	Potential ROI
Commercially viable	R10,581,052.18	2.65	21.01
Medium scale	R776,195.53	0.00	45.86
Livelihood	R395,193.28	0.99	56.50
Non-viable	R2,766,824.51	0.02	7.55
Total	R14,519,265.50	1.05	26.58

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INVESTMENT – EC PLAS

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	Sarah Baartman		
Category	Investment in farm	Actual ROI	Potential ROI
Commercially viable	R465,033,116.83	2.50	23.99
Medium scale	R108,383,825.77	2.89	16.94
Livelihood	R27,586,286.50	5.82	20.52
Non-viable	R13,452,334.34	0.48	3.37
Grand Total	R614,455,563.44	2.78	19.59

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RESULTS OF 252 EC PROJECTS Actual vs Potential

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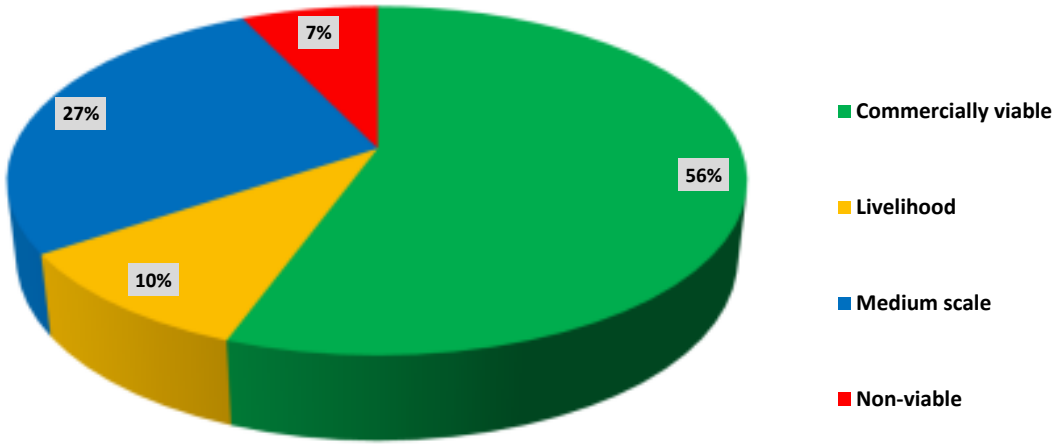
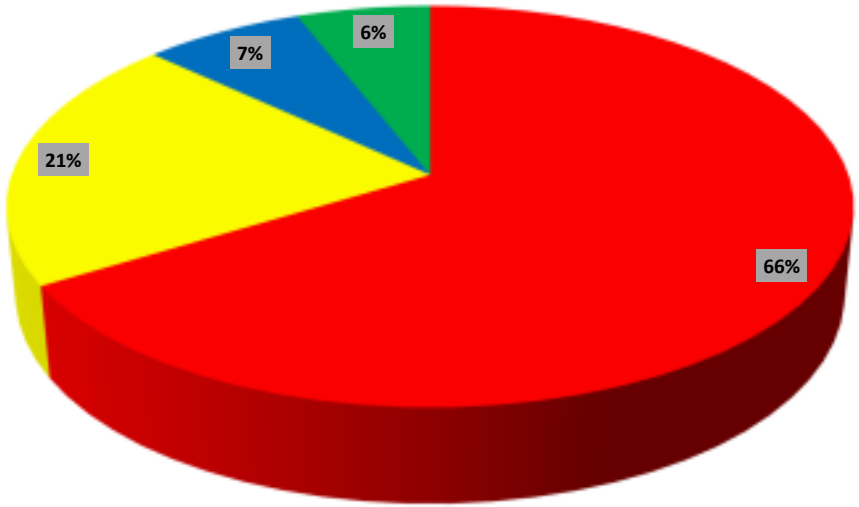
Potential Viability



Actual performance



PLAS farms in EC employ 1397 part time & 921 full-time labourers
On average 6 and 4 respectively on the 252 farms analysed
80% of part-time & 77% of full-time workers employed on commercially viable farms

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RESULTS OF 252 EC FARMS ACTUAL VS POTENTIAL

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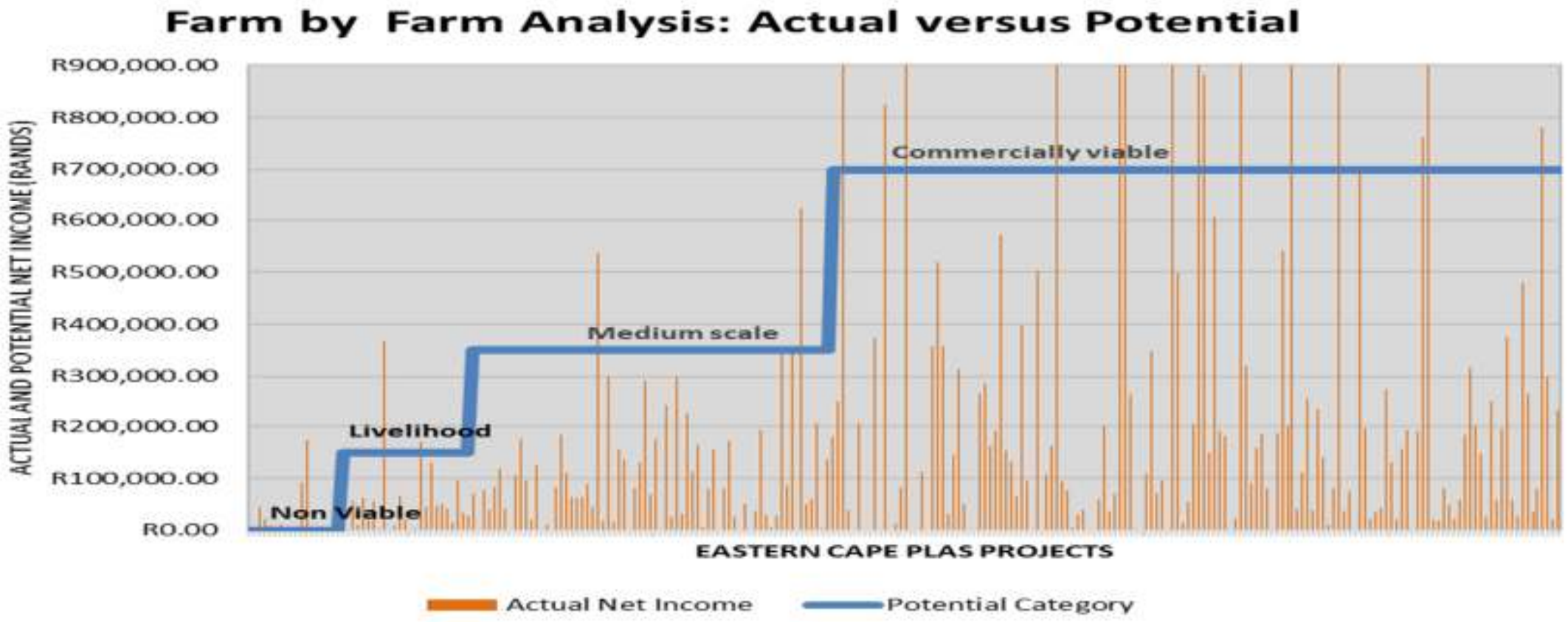

RISKS AND LIMITATIONS

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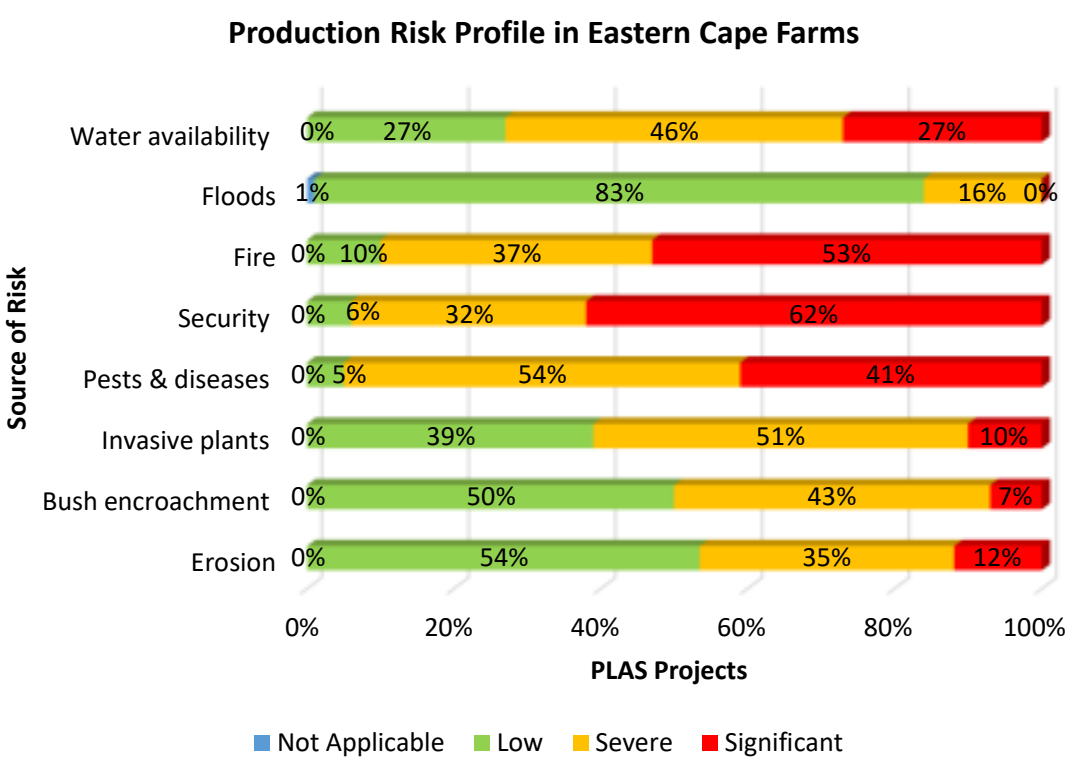
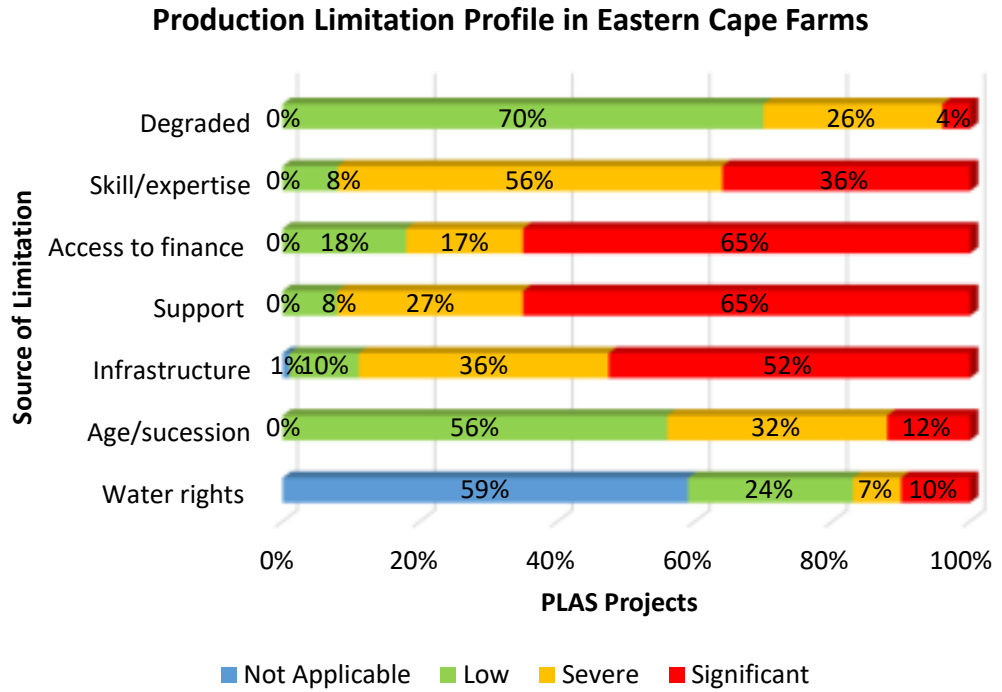


State has a definite role to play in rural security, wider animal disease control measures, fire regulations, skills development & infrastructure

- Main risks/limitations in EC PLAS farms -, pests / disease (in Livestock), security issues (theft), fire, support, skills/expertise & infrastructure
- For PLAS farmers to become commercial, these need to be addressed



RISKS AND LIMITATIONS

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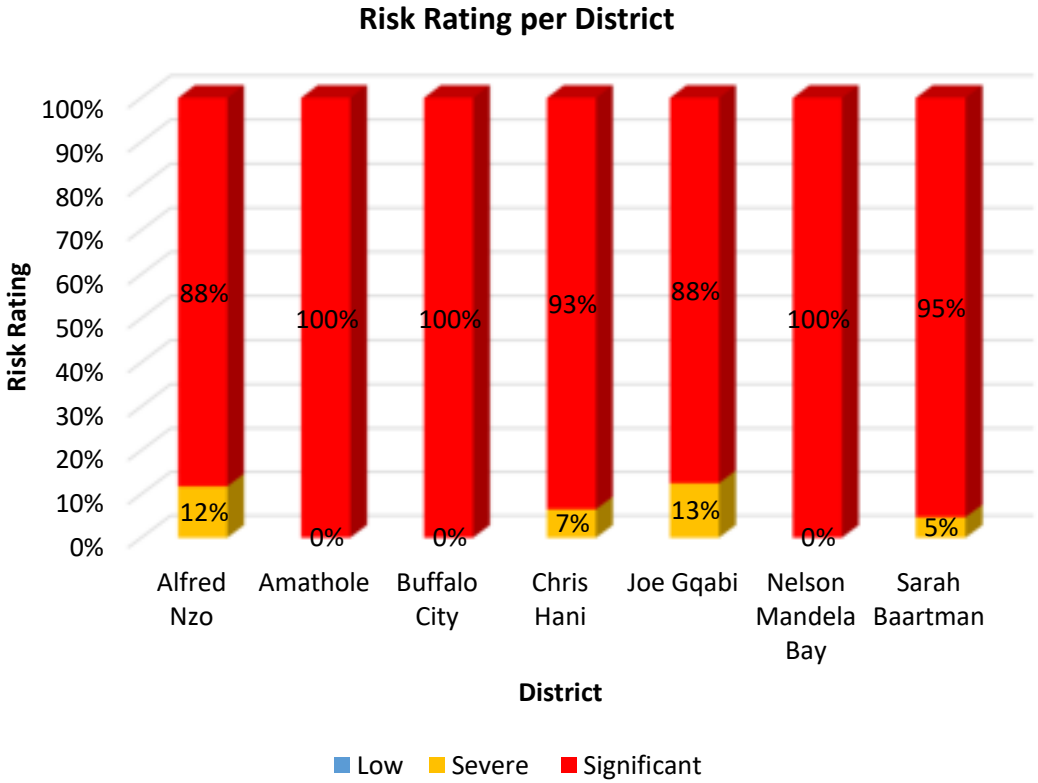

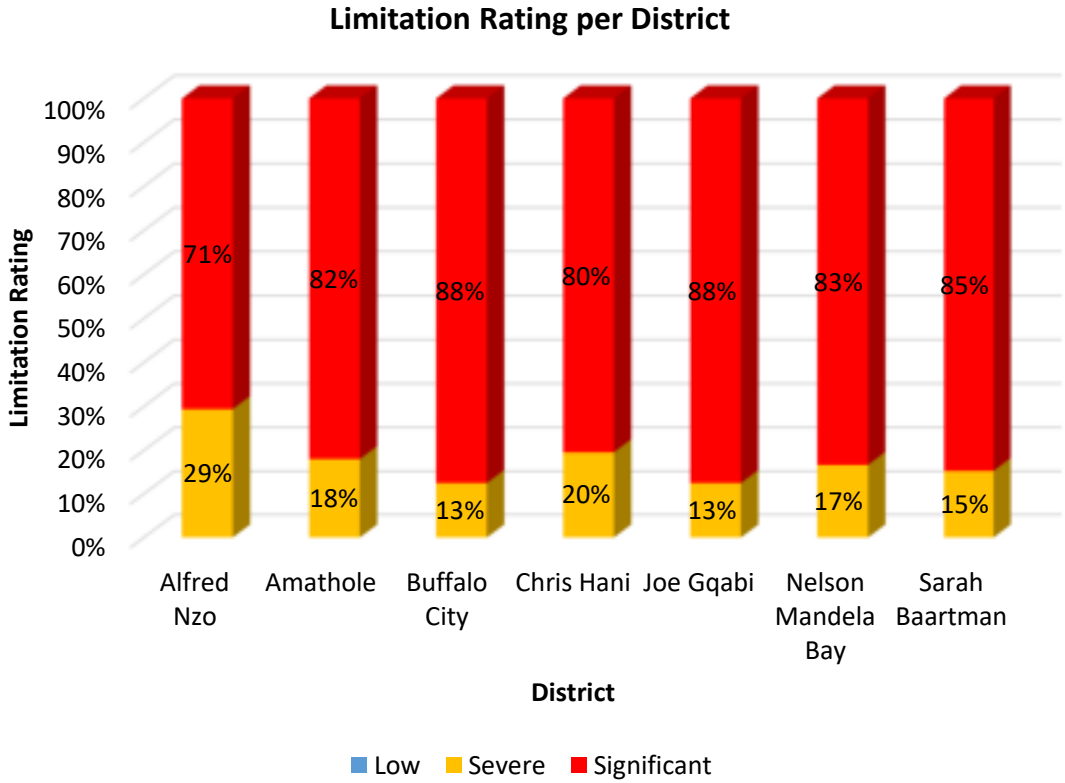

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KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

- Lack of transport major challenge - impacts on marketing & net income
- Infrastructure mostly poor (71%) to fair (25%) - strongly linked to performance
- More productive farms have better infrastructure: 2% of commercially viable farms have poor infrastructure, compared to 73% on non-viable farms
- Strong relationship between condition of infrastructure & production
- Infrastructure often a significant limitation - not only unavailability, but also a lack of maintenance and taking ownership
- Examples of critical infrastructure
  - Livestock - scale, handling facility, water reticulation and camps
  - Vegetables - sorting and packaging, reliable water and electricity

KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

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Market

- Challenges include lack and high cost of transport
- Formal markets considered safe & consistent, easy to access, with stable & fair prices
- Informal markets seen as source of quick cash & accepting low volumes
- Integration improves performance - contract agreements
- 32% EC PLAS farmers sell produce in formal markets, often in combination with informal markets (30%)
- Main enterprises are extensive livestock & field crops
- Only 26% have a contract or 'ready' market - recapped farms more contracts (30%) than those not (24%)
- 25% of those with contracts are commercially & medium scale viable compared to the 9% without
- 38% of EC PLAS farmers belong to farmer organisations –not perform better as a result

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SOCIAL CAPITAL ISSUES

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- PLAS beneficiaries surprisingly enlightened - 66% agree that empowering women is important
- Over two thirds of EC PLAS farmers agree (fully to partially) with the notion that farmers are organised
- 27% do not feel safe and do not trust their neighbours
- 39% feels crime does not only come from outside the area
- 55% sometimes worry about food & 4% of beneficiaries or a household member sometimes have to skip a meal
- Given extensive PLAS investment, it is of grave concern that this did not address basic food security in all cases

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CONCLUSIONS

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- Evaluation of PLAS farms completed in February - assistance of national & provincial DRDLR instrumental
- PLAS land acquired generally good - most farms have a natural resource base that supports viable enterprises
- Small percentage doing well, despite limitations - PLAS could achieve its objectives if bottlenecks are addressed
- Beneficiary selection, post settlement support, infrastructure & capacity building needs serious attention
- RADP is not well administered & much of the RECAP investment can be questioned
- Monitoring of beneficiaries, productivity, recap not in evidence, should be institutionalised
- Support for priority farms initiated, with commodity organisations
- Extensive scope for PLAS to contribute to agricultural economy of EC - extensive potential for growth

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