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Driven by a desire to make a difference

Scientific Analysis of the Proactive Land Acquisition Strategy DRDLR: Northern Cape

Results obtained from the PLAS portfolio in NC – 140 farms
Date: 29 April 2019

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1. INTRODUCTION

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BACKGROUND

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- Land reform introduced in '94 to supply rural poor 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 PLAS portfolio in Northern Cape – 140 entities

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SCOPE OF WORK

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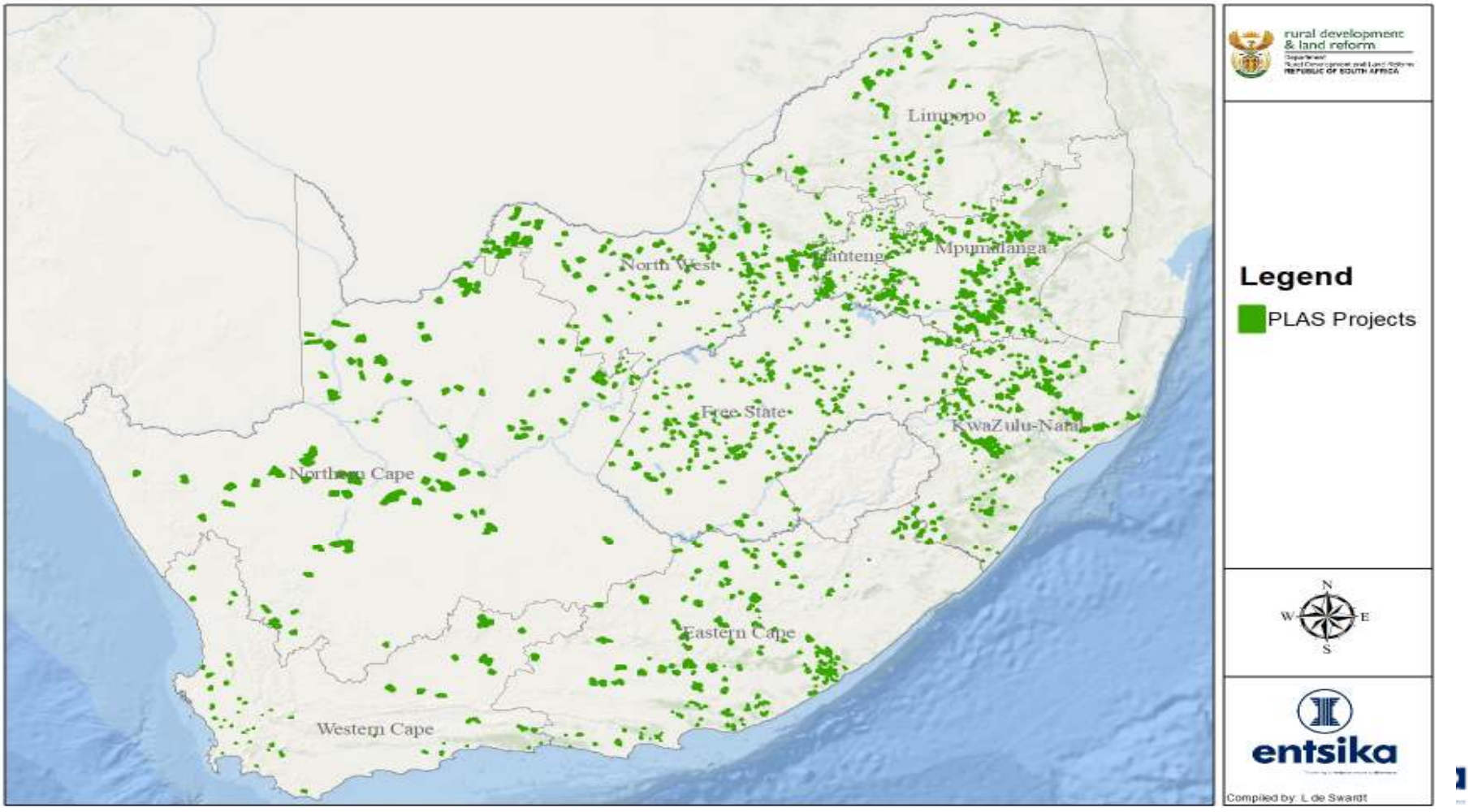

HIGH LEVEL PROCESS FLOW

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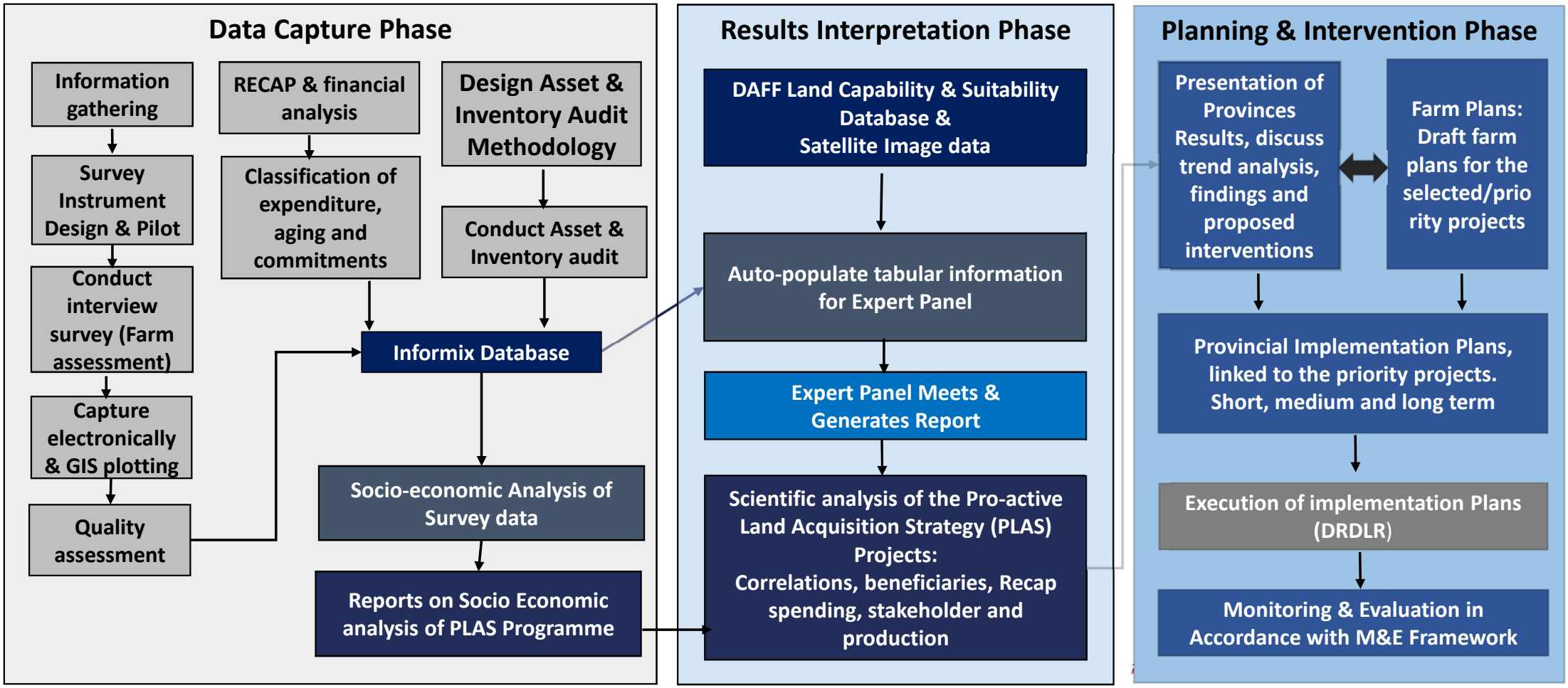

KEY FACTORS FOR SUCCESSFUL FARMING

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

Beneficiary	Human capacity / ability to sustainably manage 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	
Project number	
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 data base 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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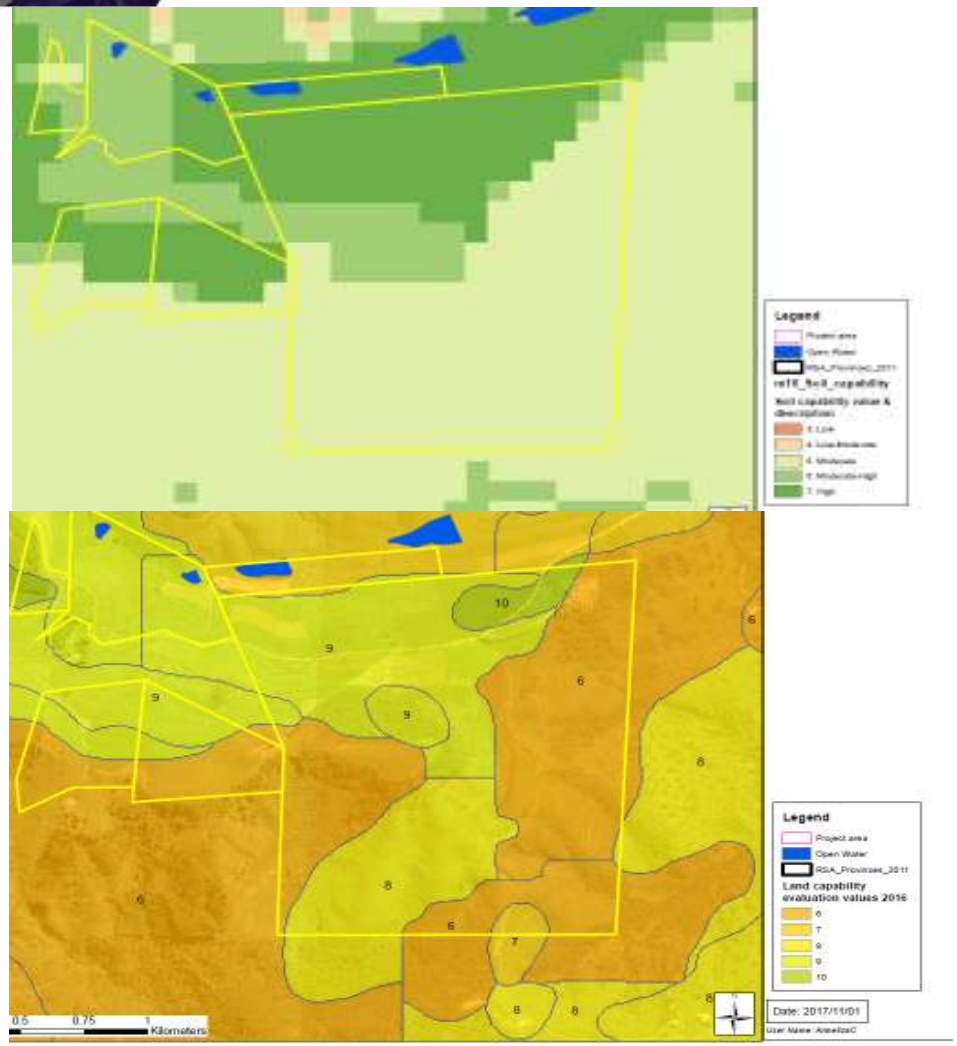
Step 2:	Evaluating the agro-ecological status			
Natural Resource	**Area**	**Weight (Area/ Total Area)**	**Capability**	**Score (1, 2, 3) (Weight x Condition x Capability)**
Soil Capability for cultivation	300 ha	0.3	2	0.6
Soil Capability for Irrigation	100 ha	0.1	3	0.3
Rangeland Capability	600 ha	0.6	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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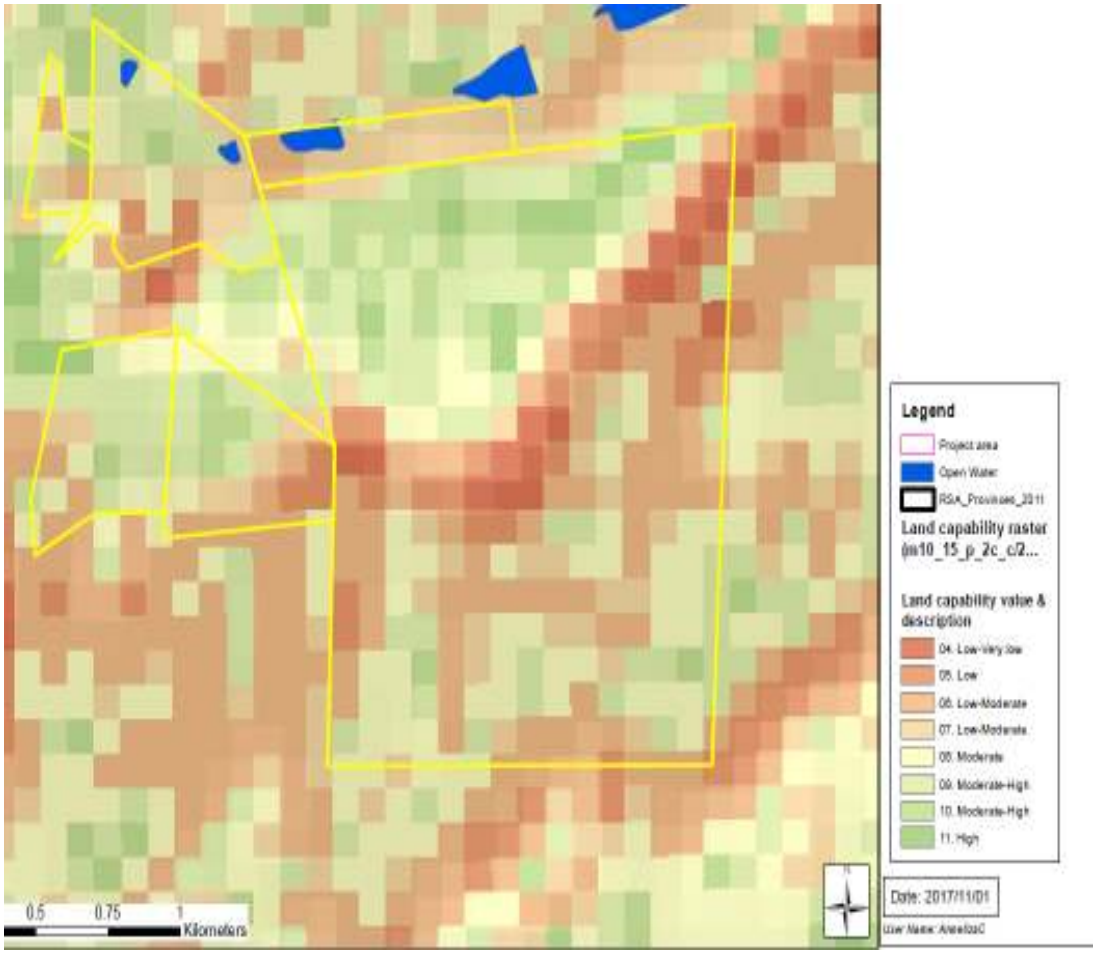

Step 3a: POTENTIAL (OPTIMAL) COMMODITIES

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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	100ha					
	Soya	80ha					
	Other						
Fruits	Nuts	10ha					
	Subtropical	40ha					
	Other						
Vegetables	Tomatoes	1.5ha					
	Veg 2	2ha					
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

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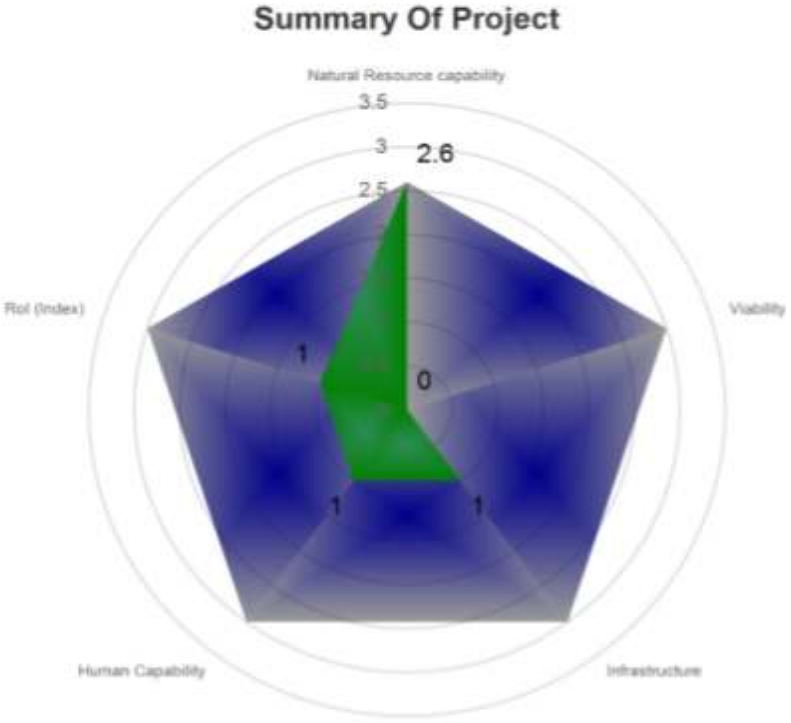

7.5 Suggested interventions

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.

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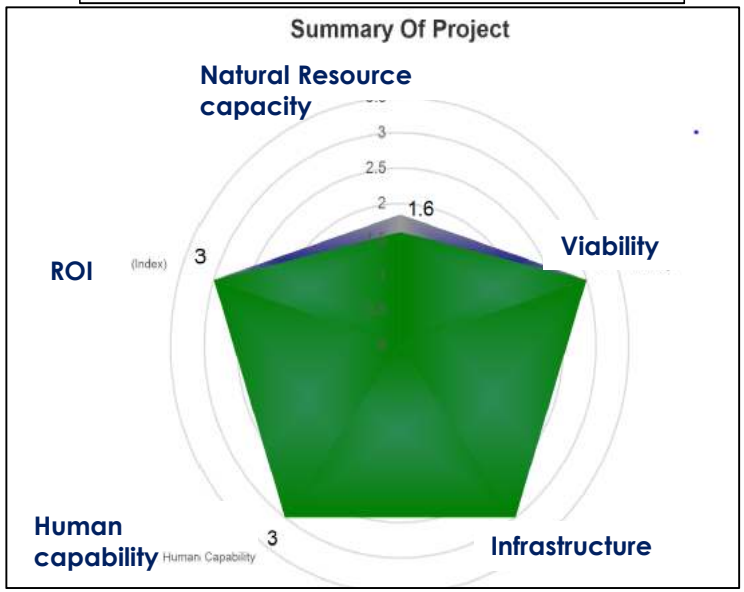
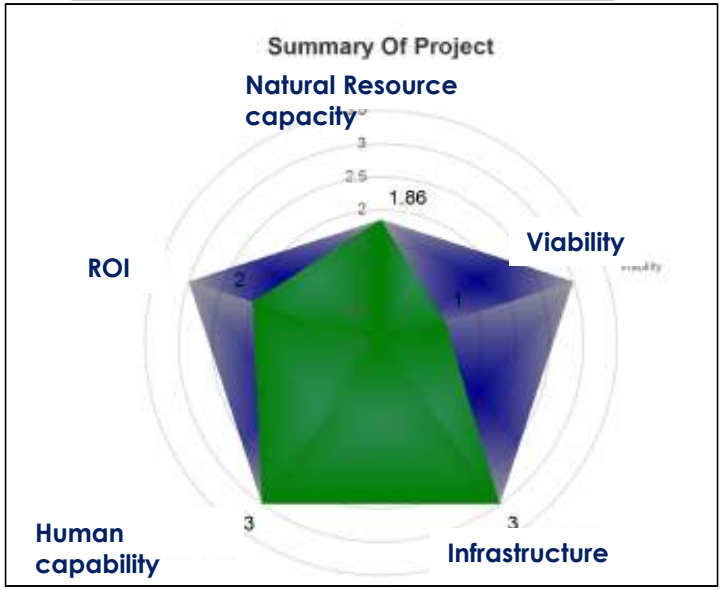
Examples of the dashboard's produced, as a result of the panel analysis

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

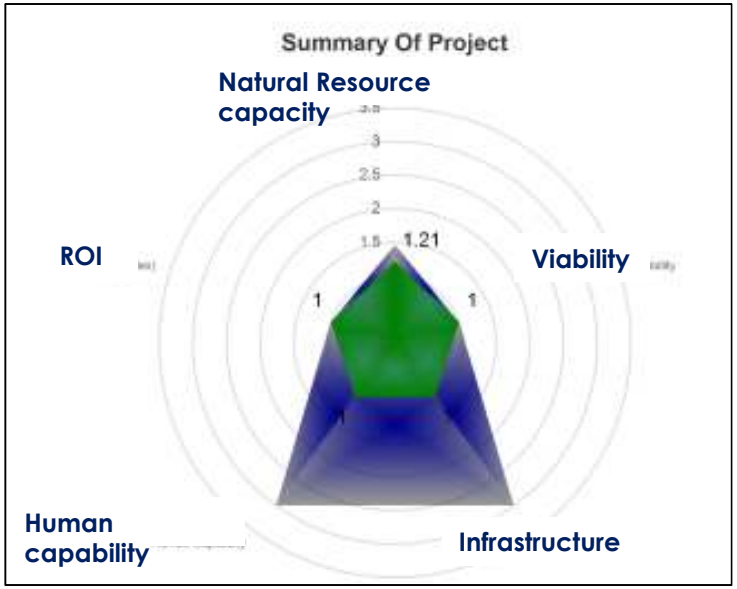
Commercially Viable Project



Commercially Viable Project



Non- Viable Project



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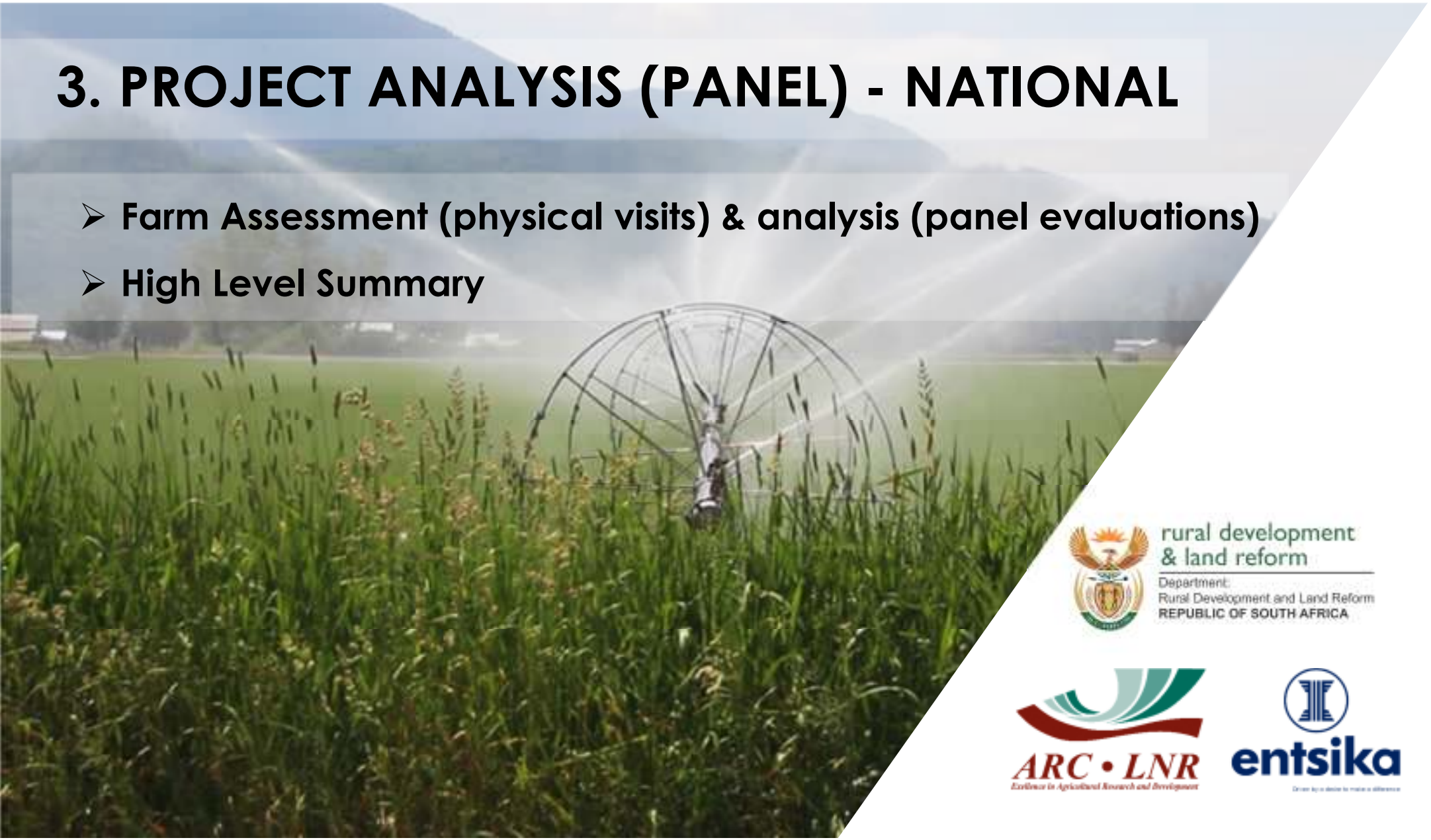
3. PROJECT ANALYSIS (PANEL) - NATIONAL

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



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Final numbers – farm visits & evaluations

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	200	15	0	200
KwaZulu-Natal	324	300	24	42	262
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	2062	173	72	1990

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

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 Nett Income	Potential Net Income	Variance
Commercial	1183	R411 948 145.00	R2 781 405 980.00	R2.4b	413	R185 723 346.00	R1 154 139 495.00	R0.9b	770	R226 224 799.00	R1 627 266 485.00	R1.4b
Medium scale	472	R46 888 933.00	R240 989 036.00	R0.2b	103	R14 138 758.00	R54 079 192.00	R40m	369	R32 750 175.00	R186 909 844.00	R154m
Livelihood	195	R16 495 112.00	R48 323 924.00	R31m	24	R2 294 304.00	R6 287 213.00	R3m	171	R14 200 808.00	R42 036 711.00	R27m
Non-viable	140	R7 061 420.00	R7 708 003.00	R0.6m	17	R1 840 803.00	R780 280.00	-R1m	123	R5 220 617.00	R6 927 723.00	R1.7m
Totals	1990	R482 393 610.00	R3 078 426 943.00	R2.5	557	R203 997 212.00	R1 215 286 180.00	R1b	1433	R278 396 399.00	R1 863 140 763.00	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 – Northern Cape

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PANEL ANALYSIS – 138 NC FARMS

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Project Category	Frequency	Percent	No RECAP	RECAP	Actual Net Income	Potential Net income	Variance
Commercially viable	97	70%	49	48	R15,250,692.33	R113,289,407.50	R98,038,715.17
Medium scale	36	26%	30	6	R2,297,856.23	R19,056,789.50	R16,758,933.27
Livelihood	5	4%	4	1	R195,527.68	R1,236,365.00	R1,040,837.32
Non-viable	0	0%	0	0	R0.00	R0.00	R0.00
Total	138	100%	83	55	R17,744,076.24	R133,582,562.00	R115,838,485.76

- 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?
- It appears that support through Recap result has a limited impact
- Approximately 87% of NC farms that received Recap have the potential to be commercially viable

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DISTRICT OVERVIEW OF NC PROJECTS

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District	Commercially viable	Livelihood	Medium scale	Non-viable	Total
Frances Baard	70%	10%	20%	0%	100%
John Taolo Gaetsewe	92%	0%	8%	0%	100%
Namakwa	55%	5%	41%	0%	100%
Pixley Ka Seme	53%	3%	44%	0%	100%
ZF Mgcawu	86%	0%	14%	0%	100%
Total	70%	4%	26%	0%	100%

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DISTRICT OVERVIEW OF NC PROJECTS

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District	Farms	Hectares	Productive Area	Commercially viable	Commercially viable farm Size	Viable Productive Area
Frances Baard	30	56412	56301	21	46686.55	46623.80
Taolo Gaetsewe	12	44757	44515	11	42797.14	42555.00
Namakwa	22	135804	134384	12	98324.64	98289.12
Pixley Ka Seme	32	127531	127338	17	87918.10	87854.00
ZF Mgcawu	42	206618	205924	36	184956.60	184268.60
Total	138	571122	568462	97	460683.00	459590.60

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POTENTIAL & ACTUAL PERFORMANCE NC PLAS

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District	Potential Net income	Actual Net Income
Frances Baard	R25,250,155.00	R2,893,556.24
John Taolo Gaetsewe	R14,699,805.00	R2,259,252.50
Namakwa	R16,807,819.50	R1,054,212.92
Pixley Ka Seme	R27,653,102.50	R5,059,591.20
ZF Mgcawu	R49,191,280.00	R6,477,463.38
Total	R133,602,162.00	R17,744,076.24

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RECAP ALLOCATION - NC

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District	Projects/District	No RECAP	RECAP	Recap Amount	% Total RECAP
Frances Baard	30	21	9	R28,205,960.55	12%
John Taolo Gaetsewe	12	3	9	R43,527,787.04	18%
Namakwa	22	13	9	R40,781,585.06	17%
Pixley Ka Seme	32	26	6	R22,394,281.00	9%
ZF Mgcawu	42	20	22	R101,183,353.52	43%
Total	138	8	55	R236,092,967.17	100%

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RECAP ALLOCATION - NC

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Beneficiary Score	Poor	Fair	Good	Total
No RECAP	61%	37%	1%	100%
RECAP	24%	73%	4%	100%
Total	46%	51%	2%	100%

Project Category	Recap Amount
Commercially viable	R215,042,937.59
Medium scale	R17,561,271.58
Livelihood	R3,488,758.00
Total	R236,092,967.17

- 4% of beneficiaries that received RECAP are at level 3 capability
- 93% of RECAP receivers were male
- 84% use the services of a bookkeeper or an accountant
- No criteria evident in selecting beneficiaries of RECAP

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IMPACT OF RECAP?

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	Income Reported				
	Below 150k	R150-R349k	R350-R699k	Above 700K	Total
No RECAP	83%	12%	1%	4%	100%
RECAP	58%	33%	9%	0%	100%
Total	73%	20%	4%	2%	100%

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RECAP IMPACT - INFRASTRUCTURE

	Infrastructure Score			
	Poor	Fair	Good	Total
No RECAP	64%	33%	4%	100%
RECAP	13%	44%	44%	100%
Total	43%	37%	20%	100%

- Most non-recapped farms have either poor (64%) or fair infrastructure (33%)
- Most recapped farms have fair (44%) & good infrastructure (44%)
- Recap resulted in some improvement on farm infrastructure, but not always to a good level of sufficiency and condition.

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 – roughly 55% of NC RECAP farms did not fully account for RECAP
- In value terms, 32.7% of total RECAP payments not accounted for in March 2018 & 33.8% at March 2019.
- The review revealed an inability / unwillingness of many to account for spending RECAP
- Limited accountability on selection, disbursement of funds & management of monies a serious concern
- Low return on investment in terms of RECAP - low impact on infrastructure, productivity & profitability

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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 NC PLAS FARMS

- Science of successful farming = optimally & sustainably harnessing natural resources
- 12% of SA suitable for rain-fed crops, 3% truly fertile - climate change brings more challenges
- NC generally low rainfall, shallow soils – mostly livestock, some irrigation
- Largest and most sparsely populated province
- Vast, arid plains with rocky outcrops and the Orange.
- Healthy irrigation industry along the river - Vaalharts covers 369.50 km^2
- 11% of the country's groundnuts, 26% of its barley and 20% of its wheat, much table grape & raisin
- Nearly a quarter (24%) of the country's sheep, 9% of its goats and 3.5% of its cattle
- Export of goats seen as holding much promise for emerging farmers.
- Mean PLAS farm size in NC – 4139ha – minimum 24ha, maximum 14310ha
- Water rights a major issue on irrigation farms – water management policy?

BENEFICIARY CHARACTERISTICS

- 91% of farms have a single beneficiary, 5% have 2 – conflict noted in cases with multiple beneficiaries
- Average age of 138 PLAS beneficiaries in NC - 54 years – below SA & int. average
- 84% male, 16% female – study: each additional R1 earned by a woman has same impact as R11 earned by a man
- 53% of beneficiaries completed secondary & 17% tertiary education - insufficient data for conclusions on impact
- Average farming experience - approximately 26 years, vast majority (93%) involved full time
- Years of agricultural experience does not appear to have a significant impact on productivity
- 59% 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 2% in NC have a commercial level income and only 2% of all beneficiaries have a good capability score

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

SUPPORT SERVICE ANALYSIS

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- 43% of NC PLAS farmers have access to extension, 82% of this extension comes from the state
- 50% of them receiving state extension monthly, 43% bi-annually
- 45% of RECAP farmers have a mentor, 50% identified these themselves
- 58% of RECAP farmers are into strategic partnerships - 36% identified by farmers themselves
- Only 11% of RECAP farms use extension, mentors and strategic partners
- 53% of RECAP farms use extension and either a mentor or Strat partner and 36% use extension only
- 48% have a bookkeeper & 28% belong to farmer organisations - 22% of RECAP farmers were members
- 68% received training - 73% 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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INVESTMENT – NC PLAS

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Category	Investment in farm	% of Investment	Actual ROI	Potential ROI
Commercially viable	R1,261,322,891.28	87%	2.06	15.01
Medium scale	R161,619,439.66	11%	12.31	14.99
Livelihood	R22,585,700.29	2%	0.56	7.20
Non-viable	R0.00	0%	0.00	0.00
Total	R1,445,528,031.22	100%	4.68	14.72

Of the R1.4 billion invested in Northern Cape PLAS farms, 87% was spent on commercially viable farms

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INVESTMENT – NC PLAS

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District	Investment in farm	% of Total Investment
Frances Baard	R243,080,281.63	17%
John Taolo Gaetsewe	R200,778,375.33	14%
Namakwa	R156,944,543.28	11%
Pixley Ka Seme	R474,300,773.03	33%
ZF Mgcawu	R370,424,057.95	26%
Grand Total	R1,445,528,031.22	100%

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RESULTS OF 262 NC PROJECTS Actual vs Potential

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PLAS farms in NC employ 284 part time & 234 full time labourers,
On average 2 and 2 respectively on the 262 farms analysed
83% of part time & 80% of full time workers employed on commercially viable farms

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RESULTS OF 138 NC FARMS ACTUAL VS POTENTIAL

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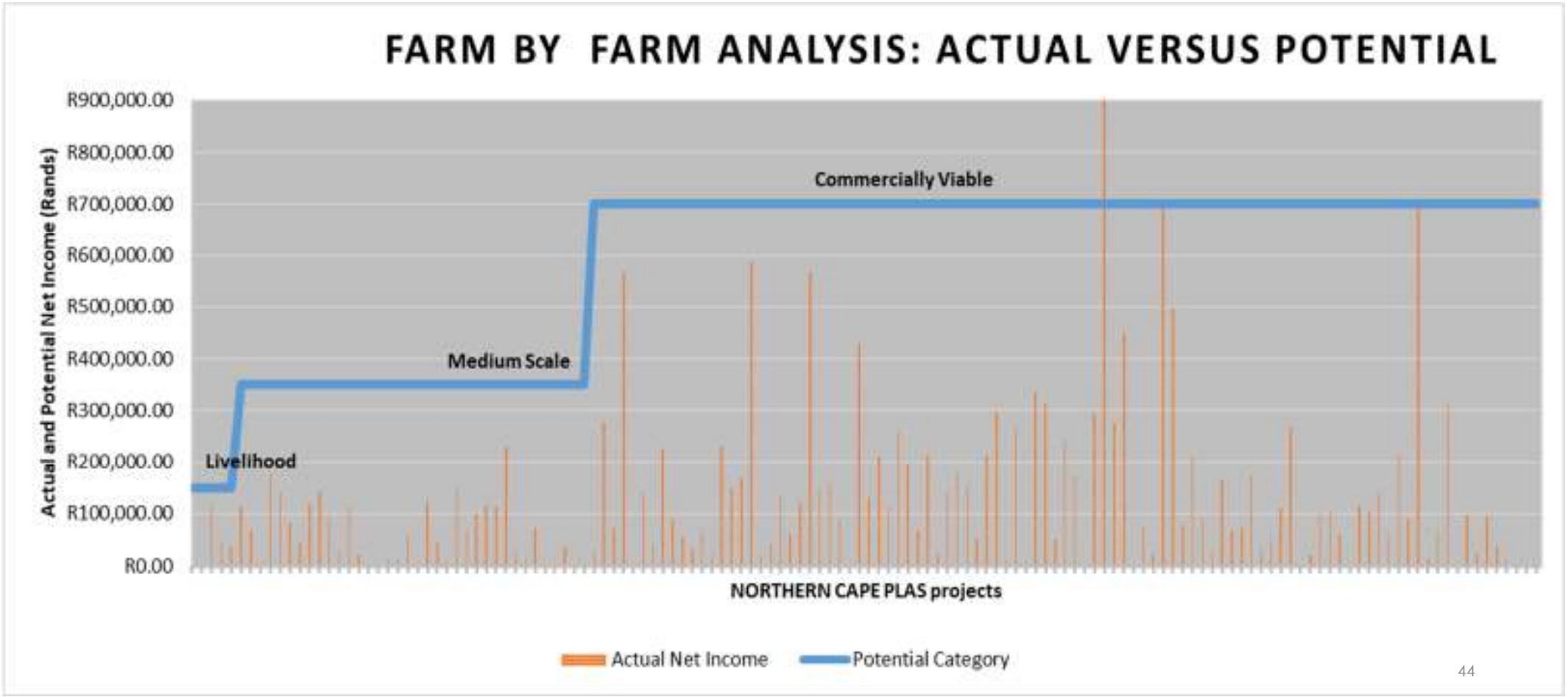

KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

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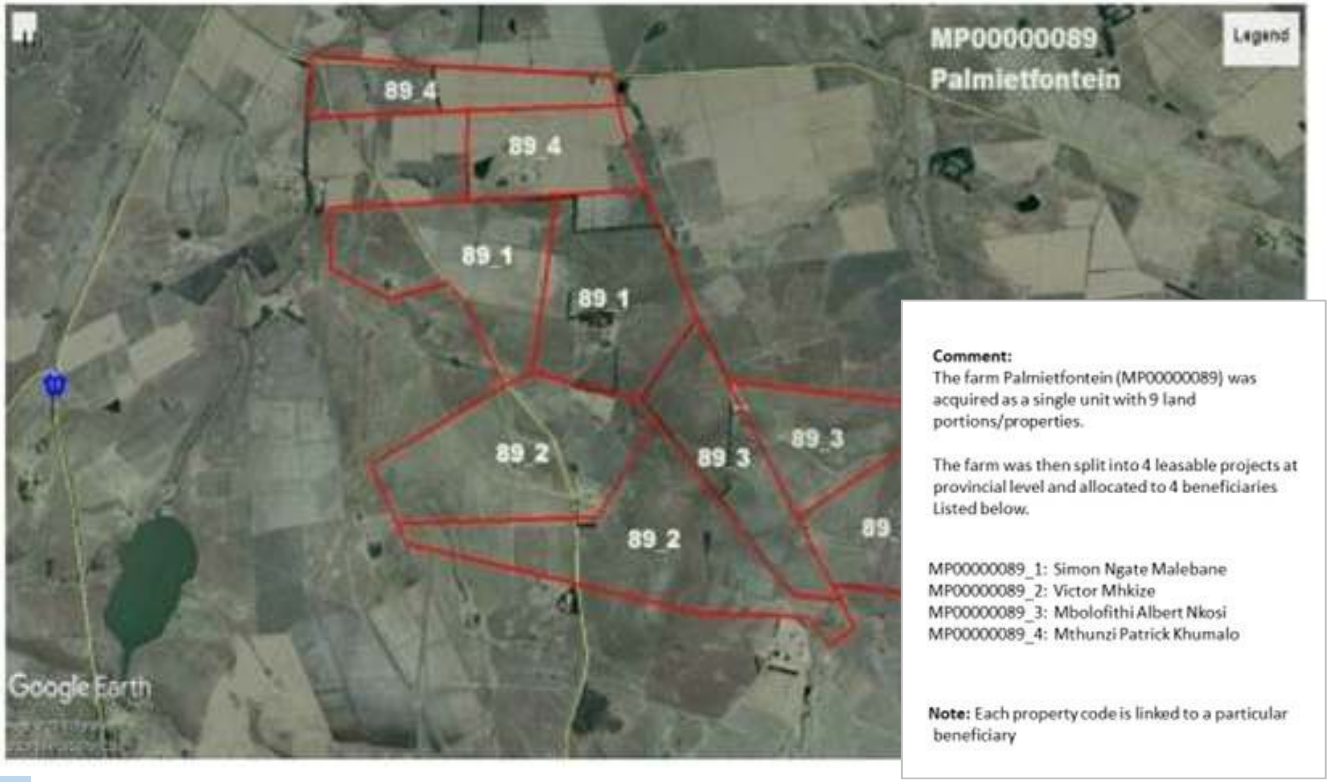
- 70% of farms bought - commercially viable
- Higher potential NR scores on viable farms
- Some farms had constrained water access
- Water rights a major issue on irrigation farms



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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KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

- No defined selection criteria – need for review
- Average age 54 years & 16% female
- Education level high - 70% secondary & above
- Average farming experience - 26 years
- Vast majority (69%) recorded low productivity
- 2% performed at commercial level
- Little correlation between experience & productivity
- 91% 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

KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

- Lack of transport major challenge - impacts on marketing & net income
- Infrastructure mostly poor (43%) to fair (37%) - strongly linked to performance
- More productive farms have better infrastructure : 0% of commercially viable farms have poor infrastructure, compared to 83% 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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- Support services in NC 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

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KEY FINDINGS IN TERMS OF THE CRITICAL SUCCESS FACTORS

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Market

- Marketing a critical factor in determining success – global policy focus
- Challenges include lack & 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)
- 61% NC PLAS farmers sell produce in formal markets, often in combination with informal markets (22%)
- Main enterprises are extensive livestock and field crops
- Only 11% have a contract or 'ready' market
- Only 7% of contract farmers claim good productivity
- 86% of those with contracts are commercially and medium scale viable
- 28% of NC PLAS farmers belong to farmer organisations –no impact on performance

RISKS AND LIMITATIONS

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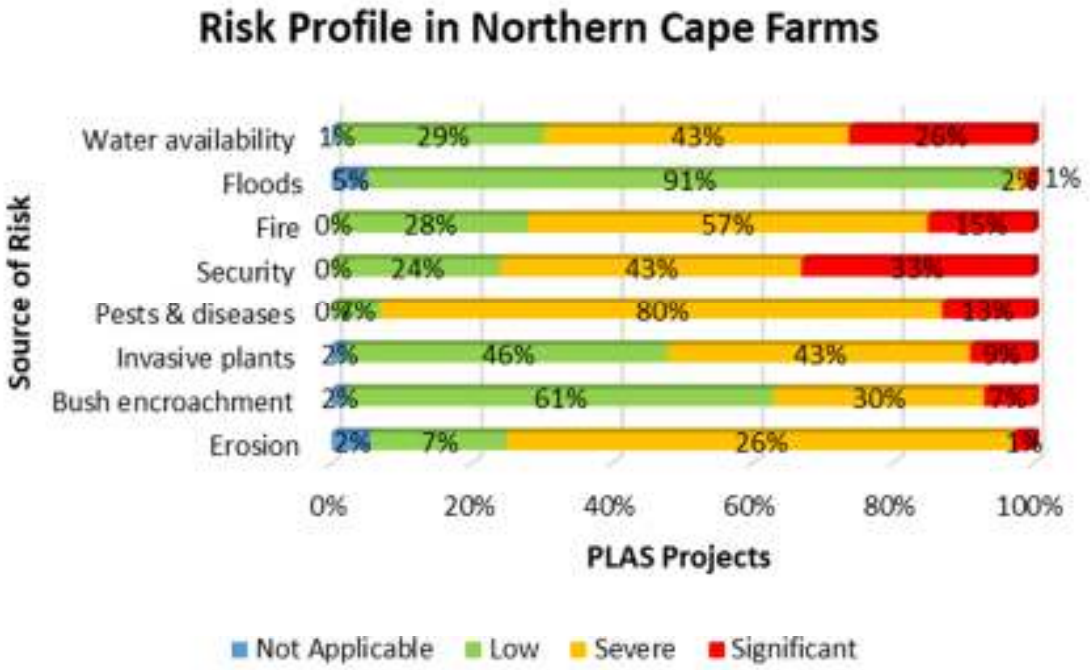
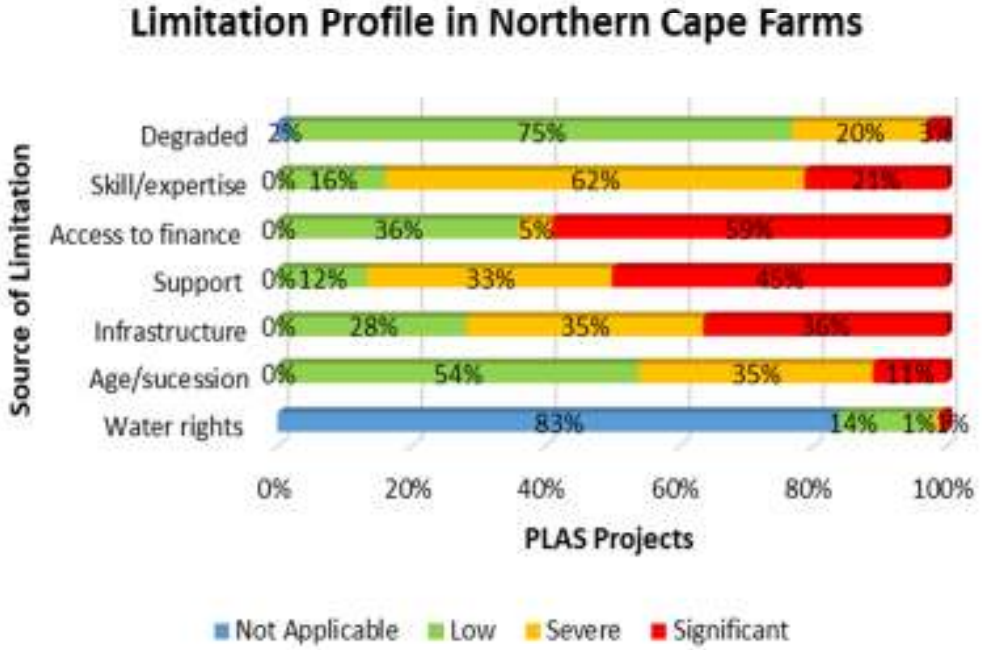


- Main risks/limitations in NC PLAS farms -, pests / disease (in Livestock), security issues (theft), fire, access to finance, support & infrastructure
- For PLAS farmers to become commercial, these need to be addressed



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

RISKS AND LIMITATIONS

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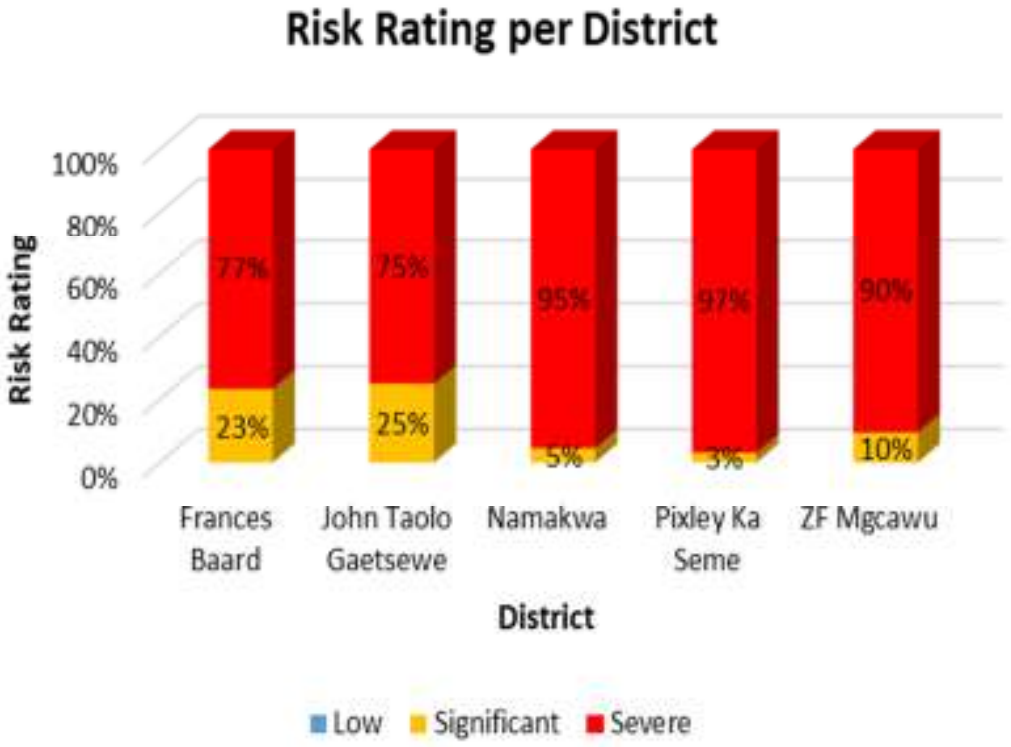

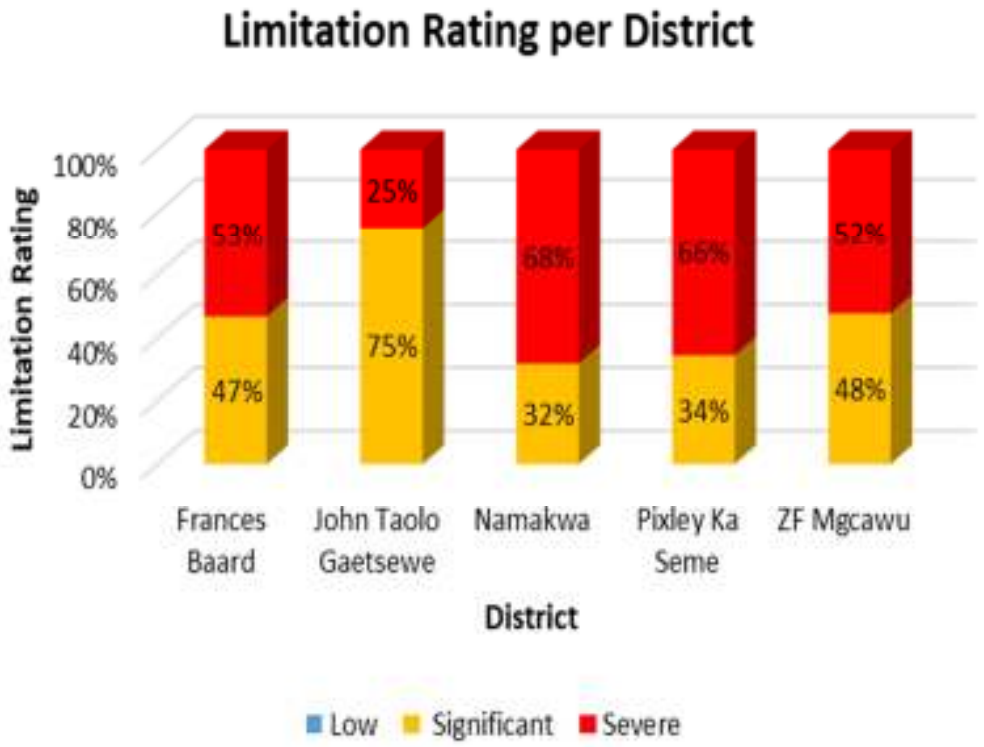

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SOCIAL CAPITAL ISSUES

- PLAS beneficiaries surprisingly enlightened - 93% agree that empowering women is important
- Only a third of NC PLAS farmers agree (fully to partially) with the notion that farmers are organised
- 71% do not feel safe and do not trust their neighbours
- 56% feels crime does not only come from outside the area
- 42% sometimes worry about food & 10% 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

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 NC - extensive potential for growth

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