

2016

Impact of Agriculture Expenditure on Food Security

STUDENT NAME: HUMBELANI RAMUEDZISI

CLUSTER: ECONOMIC SERVICES

NATIONAL TREASURY

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1. Introduction and background

Food security can be defined as actions required such as securing adequate and safe food supplies and stable food prices. To respond to the issues of inadequate access and supply of safe and nutritious food, the Department of Agriculture, Forestry and Fisheries (DAFF) and the Department of Social Development have developed a National Policy on Food and Nutrition policy, which aims to ensure the availability, accessibility and affordability of safe and nutritious food for all at national and household levels.

The DAFF through their food security programmes has focused exclusively on smallholder and subsistence agriculture. The National Policy on Food Security is specifically implemented through Provincial Departments of Agriculture (PDA), food security programmes supplemented by conditional grants such as the Comprehensive Agriculture Support Programme (CASP) and Ilima/letsema. However, assessing whether government is food security targets is very difficult because the food security function is fragmented, since it is implemented in different spheres and sectors.

The purpose of the CASP is to provide agricultural support to subsistence and smallholder farmers and to streamline the provision of agriculture services to targeted beneficiaries of land reform and other black producers who had acquired land through private means and were engaged in value-adding enterprises both domestically and for export. The Ilima/Letsema on the other hand focuses on provision of production inputs to subsistence and smallholder farmers and the rehabilitation of irrigation schemes and other value-adding projects.

In 2012 government expanded the focus of these grants to food security initiative, Fetsa Tlala, which is aimed at the production of staple foods on fallow land that has the potential for agricultural production. R2.8 billion over the medium term has been reprioritised to Fetsa Tlala from the infrastructure allocation of the comprehensive agricultural support programme grant. The

reprioritisation is a response to the shift in farmers' needs, from infrastructure to production inputs such as fertilisers, seeds, and small production equipment, as food security becomes a major priority

2. Food security programme

South Africa is reported to have about 13.8 million people who are experiencing inadequate access to food. There are various food security programmes in various departments (such as education and Social Development) as highlighted and adopted in the National policy on Food Security and nutrition of 2013; and the Fetsa Tlala Food Production strategy (2013). The impact of these programmes is reported to be severely restrained by a shortage of funds and implementing capacity.

The emphasis on food security by government has been to prioritise household food security; therefore the DAFF and PDAs are encouraging subsistence, smallholder farmers, and communities to grow their own food through community, schools and backyard gardens; and this is being attained through the implementation of the following:

- Production of enough food that is safe to consume.
- Investment in local agriculture economic development, particularly in rural areas.
- To provide agriculture inputs and support services for increased food production.
- Improved market participation and support for the smallholder farming sector.

Over the medium term the DAFF targets to reduce food insecurity through support to 145 000 subsistence and smallholder farmers who will receive financial and technical support to encourage them to produce food for consumption. The aim will be to ensure that affordable and diverse food is available to poor communities. However, there is not indicator that deals specifically with household food security at national department since food

production initiatives are implemented by provinces. The above mentioned national targets are set to be achieved through grant implementation. However, it is evident from past underspending that agriculture grants have failed to meet their objectives. This underspending led to the decision to reprioritise CASP funds towards food production as a means of achieving food security.

3. Institutional Analysis

Food security implementation requires a well-managed inter-sectoral co-ordination and the integration of policies and programmes across government (in health, education, environmental protection, agrarian reform and agriculture development). This report focuses on the food security from the agriculture perspective. The reprioritisation of agriculture support spending to food security programmes and to investing in food production is an indication that government is committed to reduce food insecurity.

The DAFF coordinates the implementation of food security programmes through PDAs, district offices; farmer level in extension service support and household back yard gardens. The institutional framework figure 1 below (**Annexure A**) outlines the implementation of food security policy in the agriculture sector at National; Provincial; and Local spheres of government, and involves the following key elements:

- Plan and implement food production projects in rural communities;
- Facilitate the participation of provincial departments, District offices and local offices (household level through extension Services);
- Ensure systems to manage and report on such projects;
- Facilitate local market for smallholder farmers produce

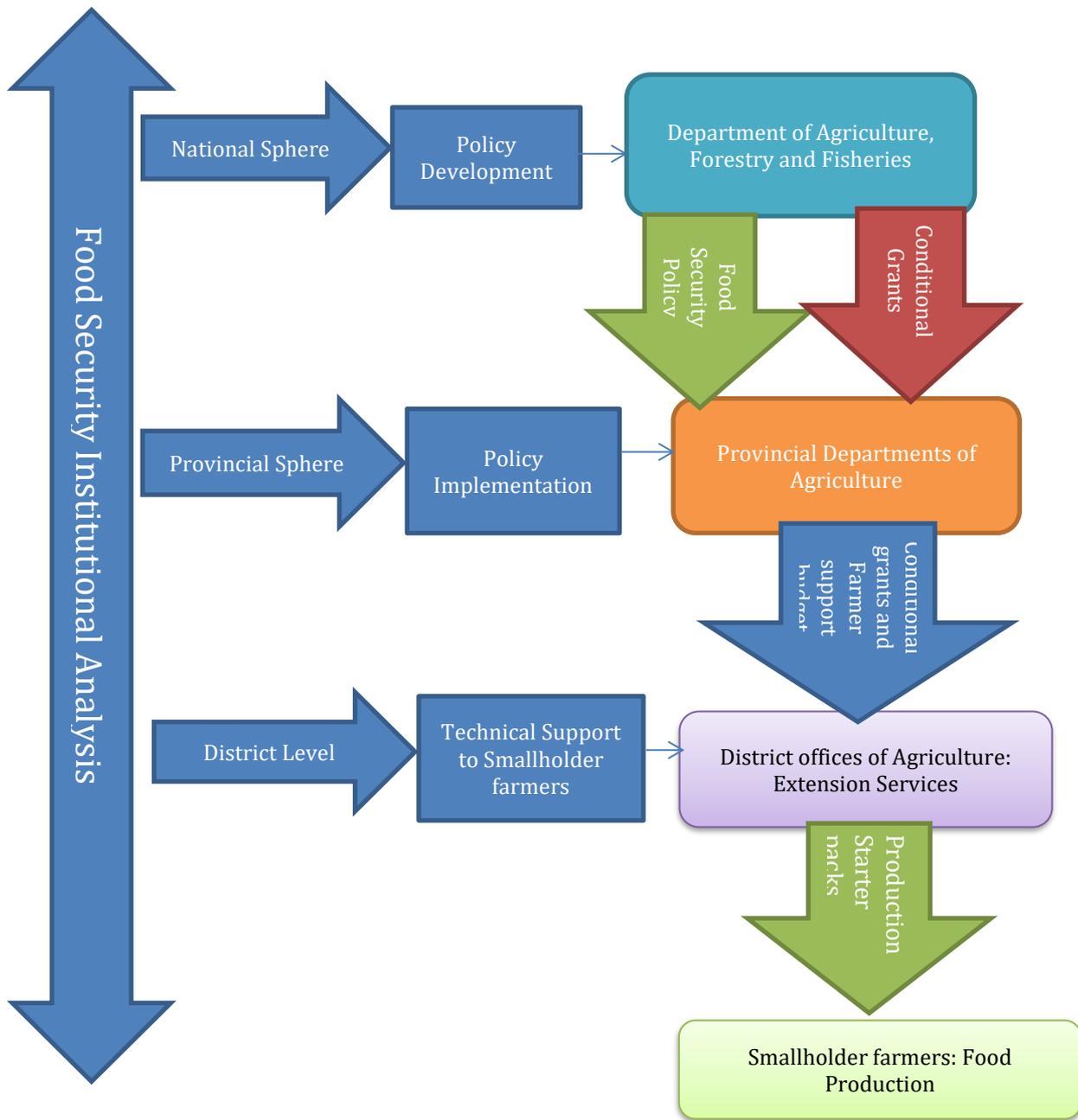


Figure 1: Institutional analysis

4. Logical framework

The table 1 below shows the project summary, performance indicators; monitoring & evaluation, Assumptions, and the responsible Department implementing the food security programme (**see annexure A**).

Table 1: Log frame

	Project Summary	Indicators	Monitoring & Evaluation	Assumptions	Responsibility
Impact	Increased food production by small holder farmers	Number of smallholder farmers producing for local consumption supported	Register of stallholder farmers receiving government support	Improved smallholder farmers support and access to food by communities	National and Provincial Agriculture
Outcome	Reduced number of households vulnerable to hunger	Food production in rural areas	Quarterly reporting reports on food production initiatives and performance	Improved spending and service delivery	National and Provincial Agriculture
Inputs	Provision of agricultural mechanisation services/packages	Number of farmers and households receiving support services to produce food	Records of advice provided and minutes of meetings attended by smallholder farmers	Sufficient capacity to render extension services	National and Provincial Agriculture
	Expand irrigation schemes and provision of irrigation packages (Ilima/letsema and CASP grants)	Number of food producers utilising irrigation infrastructure to produce food	Records of advice provided and minutes of meetings attended by smallholder farmers	Smallholder farmers fully equipped with production skills	National and Provincial Agriculture at district level
Outputs	Established food value chains for improved rural economies	Number of hectares of land under food production.	Reports on hectares of land produced and beneficiaries supported	Improved food production	National and Provincial Agriculture at district level
	Improved access to food and nutrition status	Number of smallholder farmers successfully producing for local	Non-financial performance reports on number	Improved food production and smallholder	National and Provincial Agriculture at

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		consumption	of beneficiaries supported	support	district level
Activities	Supply of production starter packs	Number of smallholder receiving extension advise	Records of agricultural implements and starter packs provided	100 % smallholders receiving agriculture starter packs; coordination	National and Provincial Agriculture at district level
	Food parcels distribution and storage	Number of households receiving food parcels	Records of food parcels distributed and beneficiaries	More households are food secure	National and Provincial Agriculture at district level
	Link beneficiaries of government supported food production programmes to government food purchase programmes	Number of local food producers and processors linked to government food purchase programmes	Records of food parcels distributed and beneficiaries	Integration of support programmes	National and Provincial Agriculture at district level

5. Data Analysis

Data on the two programmes, CASP and Ilima/letsema conditional grants expenditure report for the past three years was extracted from Basic Accounting System (BAS) (**Annexure B**).

In the financial year 2013 government reprioritised 70 percent of the CASP: Infrastructure grant and 100 percent of the Ilima/letsema grants, towards food security programmes in provincial departments of agriculture.

Table 2: Past 3 year's expenditure report

R'm	2013/2014		2014/2015		2015/2016		Total	
Vote 24:DAFF	Original Budget	Adjustment Budget						
CASP GRANT	1 600	4	1 861	0	1 650	-5	5 111	-1
ILIMA / LETSEMA	438	0	461	0	471	-4	1 370	-4
Grand Total	2 038	4	2 322	0	2 121	-9	6 481	-5

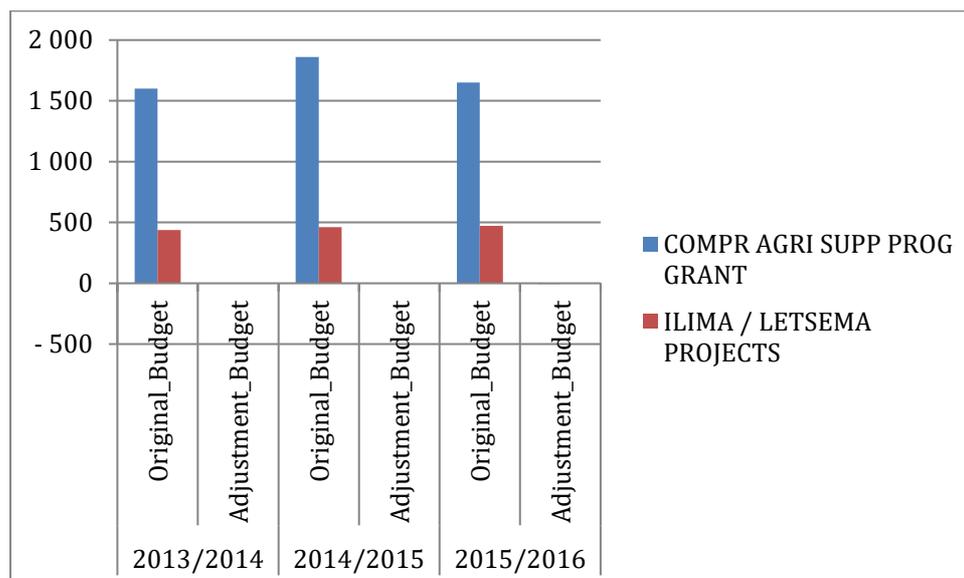


Figure 2: Grant expenditure past 3 years

6. Costing model (see Annexure C)

The implementation of food security programmes requires financial resources, as such government has budgeted billions of rands in the past years and over the medium term to support households, subsistence and smallholder farmers' food production initiatives, as a means of encouraging these farmers to produce food and make food available for local consumption.

Approximately R31 billion is budgeted nationally and provincial for food production per annum for support to food production, the budget allocated includes compensation for agriculture personnel (technical), transport costs (goods and Services) for extension officers while on their duty of advising farmers and households on proper means of producing food.

Although there is supposedly enough funding for support to agriculture production, the performance reviews conducted by the Department of Performance Monitoring and Evaluation (DPME) found that there is ineffective coordination of grants within DAFF (including provincial government departments) and with other government departments (e.g. DRDLR, Water Affairs, etc.). This means that there is limited linkage between funding invested toward food security and the expected outcome on household food security or the production of food for consumption.

From the data collected in the 2016 estimates of national expenditure, it is unclear if the budget allocation for the various food security programmes in provinces is allocated from equitable share or the allocation is a percentage of the conditional grants from the DAFF.

6.1. Impact of expenditure on agriculture

Regardless of the billions that government is spending on food security programmes, there seems to be insufficient measurement on the impact of agriculture expenditure on food security, in that it is unclear if the various programmes are achieving the expected goals of food security as indicators do not directly measure how supporting farmers and households with agriculture inputs can change the lives of the hungry individuals. For example some PDAs food security programme indicators measure the following:

- Number of smallholder producers receiving support
- Number of agricultural infrastructure development initiatives completed that contribute to increased agricultural production levels and /or efficiencies for food security and economic development.
- Number of households benefiting from agricultural food security initiatives
- Number of hectares cultivated for food production in communal areas and land reform projects

The DAFF and PDAs may not be in a position to measure the direct impact of agriculture expenditure on food security, but most food security measurement approaches in the Social Development Department may include a mix of direct and outcome indicators to develop some scale or index of household food security to either differentiate between food and food insecure households or to monitor the impact of various interventions by other spheres of government.

7. Conclusion

An assessment of the impact of agriculture spending on the level of household food security and the effectiveness of implementing the existing policy requires that government food security programmes could be integrated and coordinated such that the programmes that enables improved food security and households to access more food.

Given the vast budget directed toward food security, It can be concluded that DAFF should improve oversight, monitoring and coordination of grants in all provincial food security programmes closely; and to align DAFF indicators with those of food security programmes in PDAs.

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