

2019

**AN ASSESSMENT OF THE EFFICACY OF
FARMER SUPPORT PROGRAMMES IN
GAUTENG PROVINCE, 2015/16 –
2018/19**

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Summary

What is being done to support emerging farmers in Gauteng? Is the funding for Farmer Support Programme sufficient for this purpose? How can we assess the efficacy of the resources that have gone into this sector over the past five financial years? How can we derive value for money from the funding that the Gauteng Department of Agriculture and Rural Development is receiving, before embarking on allocation of additional resources? How can we hold the department to account for the funding currently in its baseline?

These questions are at the heart of this mini-Performance Expenditure Review, in part due to the persistent agitation by GDARD that its budget was insufficient for it to make a significant dent in the objectives espoused under the Transformation, Modernisation and re-Industrialisation (TMR) agenda of the Gauteng Provincial Government (GPG), as well as its aim to lift subsistence farmers out of poverty and into commercial sustainability.

This work attempts to lay the foundation for evidence-based decision-making and engagement during the forthcoming budget cycle, particularly in the context of the very resource constrained environment in South Africa.

For a programme that is supposed to be farmer-centric, it is intriguing that the bulk of resources go towards salaries and wages, and for the significant remainder that relates to actual procurement of inputs, there is a strong case for digging deeper to unravel the extent of the inefficient prices and procurement that have no bearing on value for money.

Before having a discussion around additional funding, it is important that the entire delivery chain be revisited, so that the bulk of funding can be redirected from salaries for managers and administrators to core staff, and that the excessive mark-ups paid for goods and services be stopped.

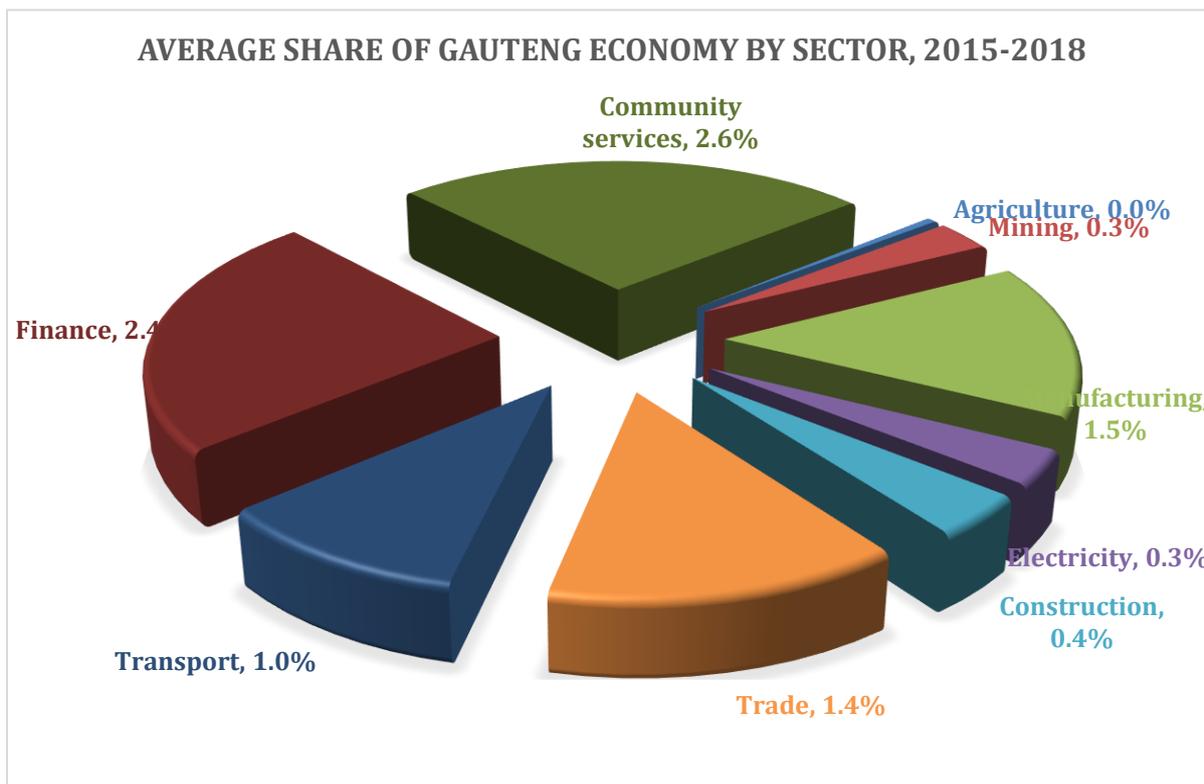
Contents

1. Introduction	1
2. Policy and Institutional Information	1
3. Programme Chain of Delivery	1
4. Expenditure Observations	2
5. Performance	7
6. Options	8
7. Recommendations	8
8. Action	9
Annexure 1: Logframe	10
Annexure 2: Expenditure tables	

1. Introduction

This mini-Performance Expenditure Review is spurred by the increasing importance of the agricultural sector to the overall Transformation, Modernisation and re-Industrialisation (TMR) agenda that has guided government programmes in Gauteng Province during the 2014-2019 Administration. At the heart of the TMR is the realisation that agriculture is a key sector that would not only contribute to the Gross Geographical Product (GDP-R) by not only ensuring that subsistence/emerging farmers would be able to graduate to being commercially viable and self-sustaining, as well as encourage movement up the value-chain into agro-processing, while at the same time enhancing food security in an otherwise urban province.

The Gauteng Department of Agriculture and Rural Development (GDARD) is at the heart of the TMR Pillars that talk to transformation and re-industrialisation, and to this end has set itself an ambitious target to grow the number of commercial farmers in the province, as well as boost farm outputs, and spur agro-processing industries.



While the Agricultural sector accounts for just 0.5 per cent of the province's Gross Geographical Product (GDP-R), its importance in enhancing food security in an otherwise urban province cannot be overemphasised. To this end, the Gauteng Department of Agriculture and Rural Development (GDARD) has set itself the targets of growing the number of commercial farmers in the province, boosting farm outputs, and spurring agro-processing. Is the department succeeding in delivering the farmer support needed to achieve these targets?

A constant gripe for the department over the period 2014 to 2019 has been that most of the funding for Farmer Support Programmes comes from a Conditional Grant, and that the Gauteng Provincial Treasury has not responded positively to increasing the Provincial Equitable Share (PES) allocation to GDARD.

My anticipation was that the funds allocated for various farmer support programmes would show some results in the form of increased output by farmers. IT was also expected that there

would be some evidence that through the various initiatives championed by the department, that there was movement from subsistence to commercial farming.

Financial data from the Basic Accounting System (BAS) as well as salary information drawn from PERSAL were the basis of the study. Use was also made of Statistics South Africa (StatsSA) General Household Surveys as well as data on the size of the Gauteng economy. Attempts were also made to analyse actual data on prices paid for various farm inputs, although this was frustrated by the lack of an adequate sample size to base a model on. Given the manner in which the department captures information on procurement documents, it was nearly impossible to make any inferences on unit costs drawn from secondary sources; and it proved difficult to get actual copies of documents from a few years back.

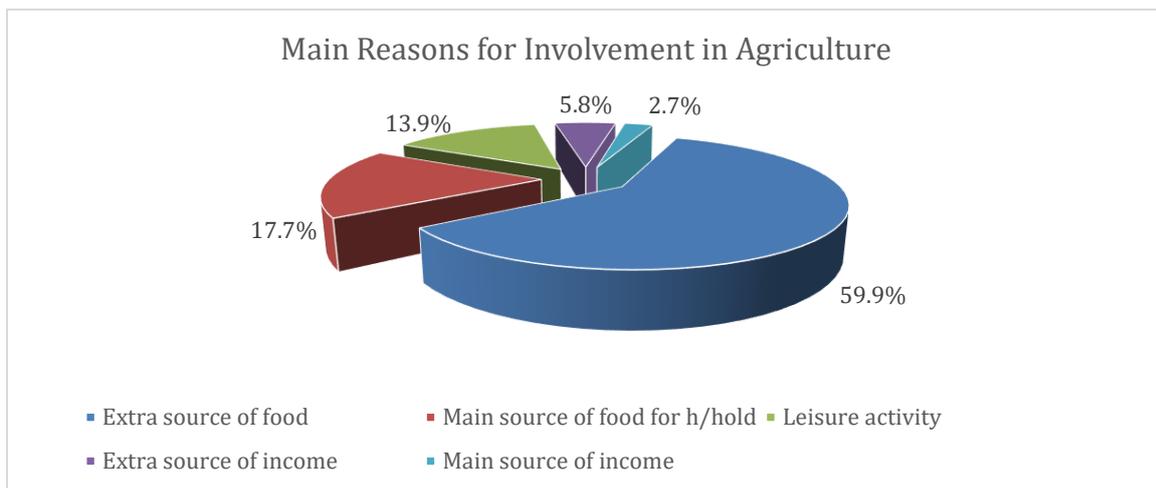
Based on the financial data and performance indicators, it is somewhat ambiguous to draw any conclusions that the initiatives by GDARD have influenced the agricultural landscape in Gauteng, and it would require a more focused impact assessment to make any inferences in this regard.

2. Policy and Institutional Information

GDARD's activities respond to the TMR's imperatives for economic, spatial and social transformation and for the modernisation of the economy, human settlements and urban development. The Farmer Support Programme broadly describes what GDARD, through its Agriculture Branch, uses to render technical agricultural support to all smallholder farmers. This includes, *inter alia*, infrastructure and production inputs support, feasibility studies, needs analysis, business plan development, land survey and production plans, provides training and capacity building.

Farmer support also extends to the provision of agricultural extension and advisory services, which are instrumental in project implementation. GDARD supports homestead food gardens

and community food gardens to support households in producing their own food to generate extra food and income for their benefits by providing seeds, garden tools, fertilisers, training and extension services. Agriculture has been identified as one of Gauteng’s eleven key economic sectors, and nationally the sector aims to create one million jobs by 2030. The General Household Survey 2018 outlines that 4 per cent of Gauteng households are engaged in agricultural activity, mainly for subsistence purposes.



Source: StatsSA General Household Survey, 2018

GDARD is aligned with the policy priorities outlined in the National Development Plan 2030 (NDP), the 2014-2019 Medium Term Strategic Framework (MTSF), the Provincial TMR, as well as the sectoral plans. The department’s activities respond to the following TMR Pillars:

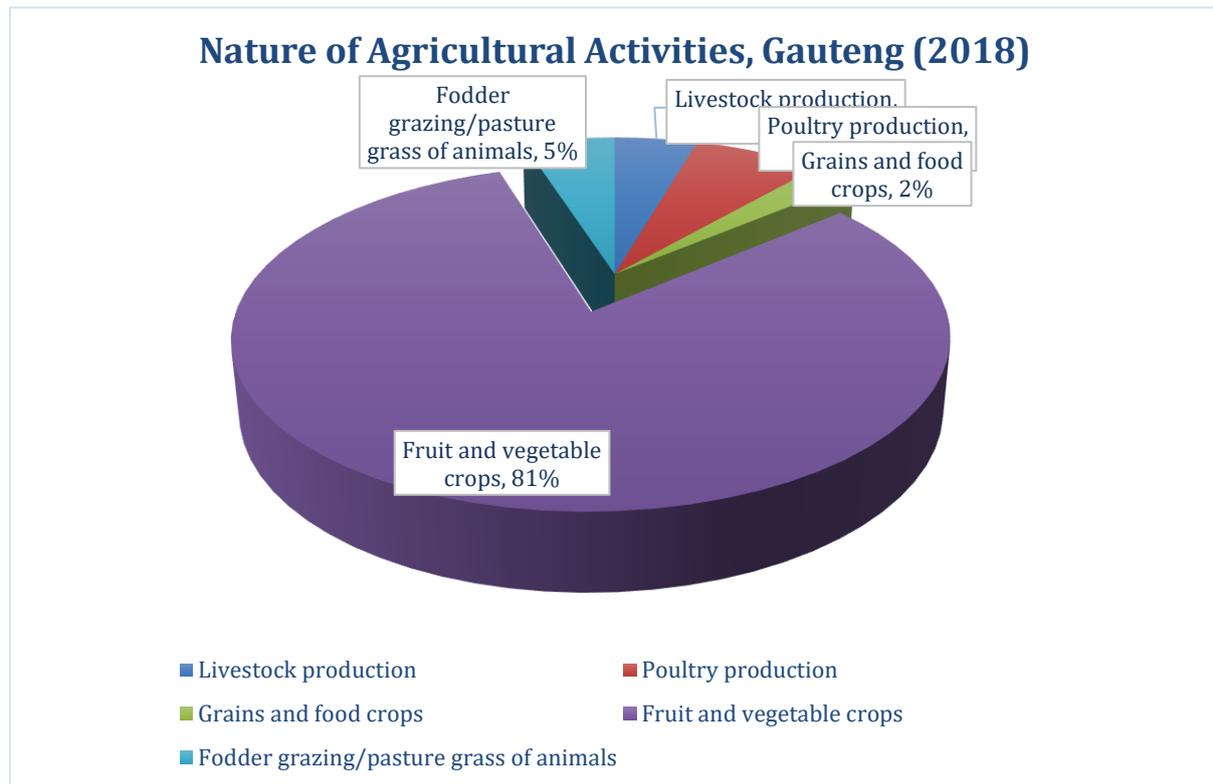
- Pillar 1: Radical Economic Transformation;
- Pillar 2: Decisive Spatial Transformation;
- Pillar 3: Accelerated Social Transformation;
- Pillar 6: Modernisation of the Economy; and
- Pillar 7: Modernisation of Human Settlements and Urban Development.

The Farmer Support Programme broadly strives towards realising a modernised and transformed agricultural sector increasing food security, economic inclusion and equality (Pillar 1, 3 and 6). Specific activities include:

- Driving the transformation agenda that seeks to reindustrialise and modernise agricultural value chains;
- Establishing incubation farms and programmes for agro-processing and primary agriculture;
- Developing structured capacity building and mentorship programme for farmers to deal with current realities;
- Forming strategic partnerships and alliances to reindustrialise the province's agricultural sector through escalation of investment in the agro-processing sector;
- Encouraging the establishment of individual homestead or backyard gardens to serve mainly the province's resource-poor communities;
- Creating an interactive electronic platform for exchange of market information and interaction between role players across various value chains;
- Ensuring veterinary services that offer a regulatory service trade facilitation, veterinary public health, biosecurity and animal disease control and a primary animal health care service in townships, informal settlements and emerging livestock producers.

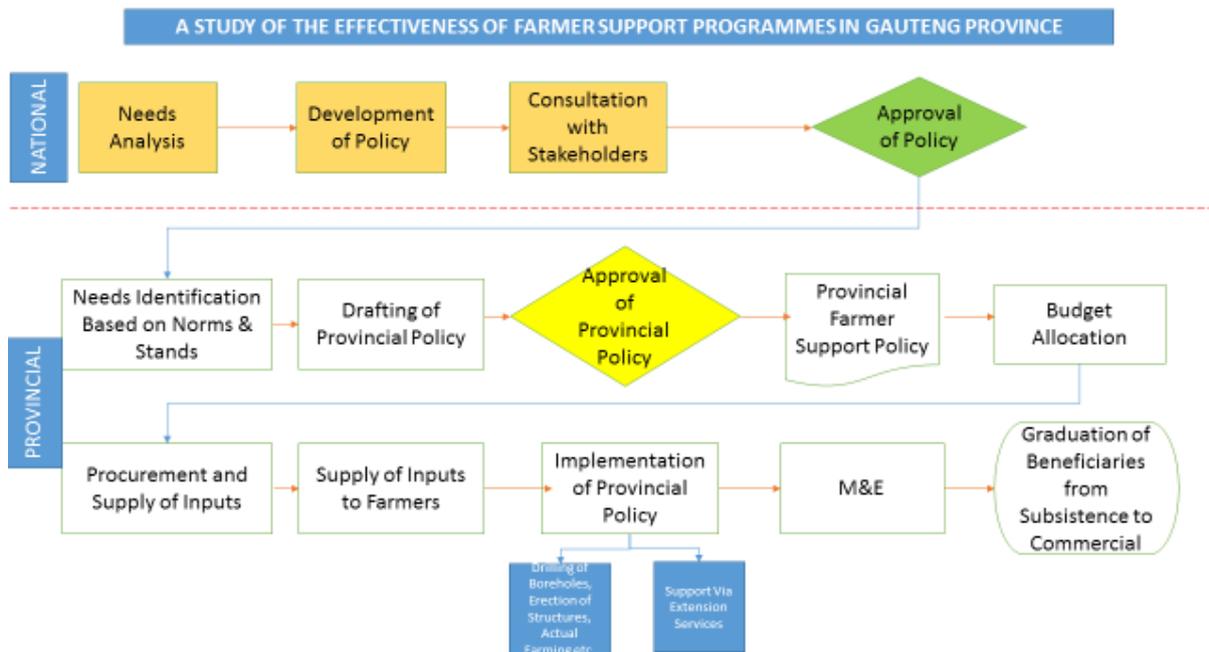
GDARD supports smallholder farmers with on-farm processing equipment and machinery such as hammer mills, vegetable cutting equipment and packaging facilities, egg grading machines, milking parlours as well as machinery to process various meat products

GDARD also assists township agro processing enterprises with hubs where facilities can be rented for processing purposes, agriparks, where farmers can collate and distribute their produce, cold chain facilities as well as abattoirs and milling plants.



3. Programme Chain of Delivery

Farmer Support delivered by GDARD follows the direction adopted by the national agricultural sector and is informed by NDP priorities and related policy. The national Department of Agriculture, Forestry and Fisheries (DAFF) is responsible for overarching policy. The nine provincial agriculture departments are responsible for implementation, having tailored their policies to province-specific themes and priorities.



These policies are also consulted on and costed prior to receiving approval for implementation.

Once the priorities in the Provincial Plan have been allocated funding in the tabled budget, the procurement process then begins, with tenders for the provision of farm inputs – ranging from seeds, fertilisers, feeds, animals (such as chicks, pigs and cattle), as well as the erection of structures (piggeries, poultry houses) being adjudicated and awarded. Suppliers then deliver these inputs to beneficiaries that have been identified, and the department’s extension officers then provide support on cultivation or rearing, as the case may be.

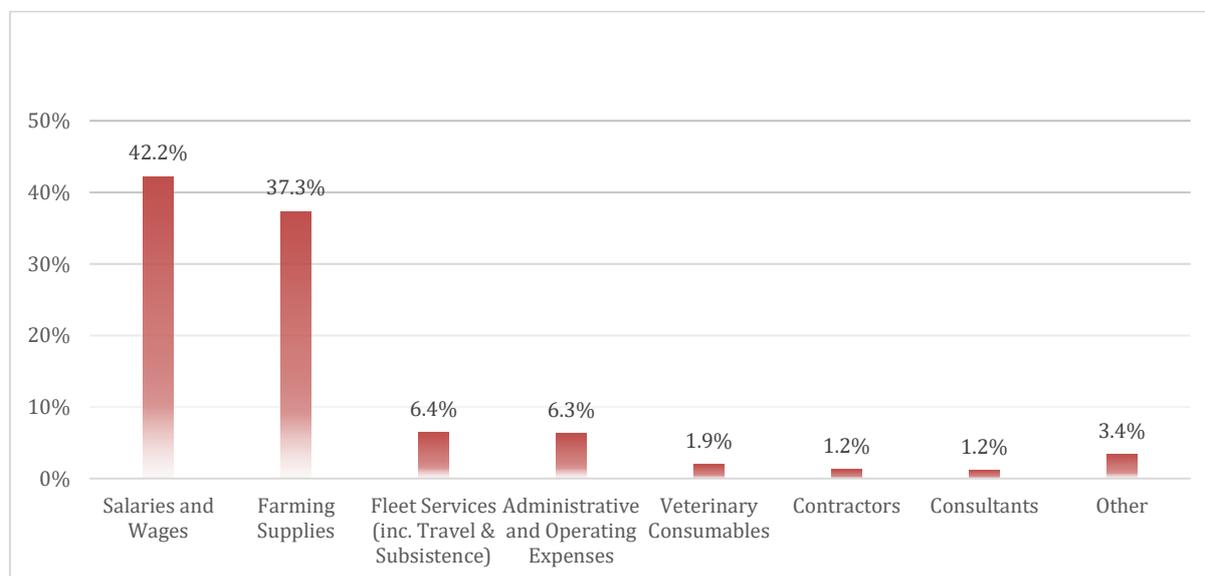
The Monitoring and Evaluation (M&E) process monitors the progress made by these farmers in realising the envisaged outputs, and over time it is anticipated that those who have benefited from GDARD support will be able to graduate from subsistence to commercial farming.

4. Expenditure Observations

As noted in Section 2, Available data that between 2014/15 – 2018/19, GDARD has spent a total of R1.319 billion, on average R319 million per annum year (See Annexure 2). Overall growth has been modest, at 3.2 per cent. By way of share, the largest proportion of this expenditure lies within ‘Salaries and Wages’, which on average accounted for just over 42 per

cent, closely followed by 'Farming Supplies' with 37 per cent. Together with 'Travel and Subsistence' and 'Fleet Costs', these form over 86 per cent of all expenditure for Farmer Support (see graph below). It is noteworthy that salaries and administrative expenses amount for over half of all expenditure on Farmer Support.

Breakdown of Farmer Support Programme by Item, 2015/16 – 2018/19 (Percentage Share)



What is striking is that over time, these shares have remained relatively constant, and this suggests that in real terms, expenditure on Farmer Support has been on the decline.

Given the overarching ambition of GDARD to ensure that agriculture and agricultural value-added becomes a significant contributor not only to the province's economic growth but also improving employment prospects, ***at face value this would imply that there is a strong case for increasing the budgetary allocations to this department in order to realise this ideal.***

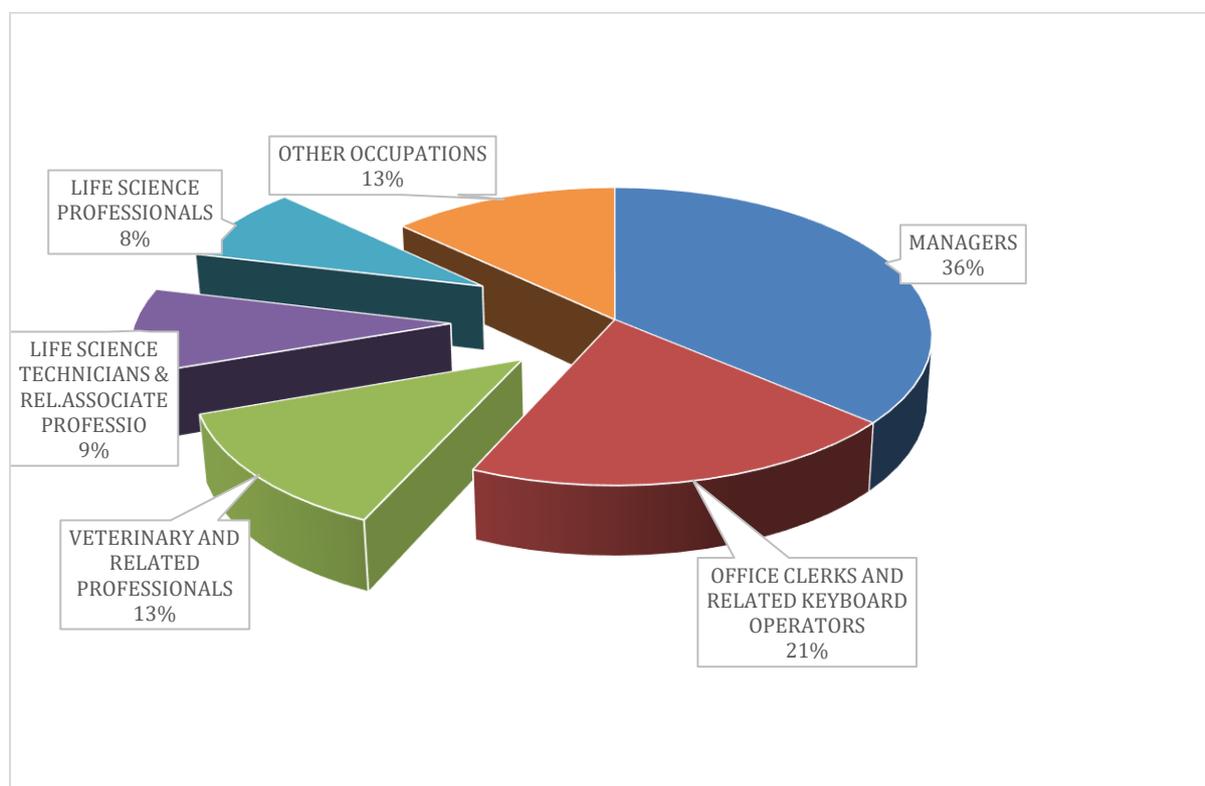
	16/17 Y-o-Y %	17/18 Y-o-Y %	18/19 Y-o-Y %	4Yr CGAR
Salaries and Wages	1.5%	9.1%	14.6%	8%
Farming Supplies	18.1%	-38.6%	56.4%	4%
Fleet Services (inc. Travel & Subsistence)	-52.4%	8.7%	29.5%	-12%
Administrative and Operating Expenses	-27.9%	4.8%	20.2%	-3%
Veterinary Consumables	97.7%	-26.6%	11.4%	17%
Contractors	-8.8%	-97.2%	1610.9%	-24%
Consultants	33.8%	-53.3%	-20.8%	-21%
Consumables	-41.1%	64.5%	129.9%	31%

	16/17 Y-o-Y %	17/18 Y-o-Y %	18/19 Y-o-Y %	4Yr CGAR
Training and Development	542.4%	-63.5%	-28.2%	19%
Protective Clothing	-44.7%	80.5%	497.7%	81%
Farming/Agricultural Equipment	1198.6%	-58.3%	44.2%	98%
Contractors (Maintenance)	-30.3%	-42.6%	3.0%	-26%
Other Contractors	1427.1%	-58.6%	436.7%	224%
Laboratory Consumables	62.3%	1205.8%	-84.1%	50%
Grand Total	-0.2%	-16.7%	31.1%	3%

Personnel Analysis

While the Farmer Support Services Programme is supposed to do just that, support farmers, it appears to be quite management- and administrative-heavy, as outlined below:

Breakdown of Farmer Support Programme by Occupational Classification (Headcount)

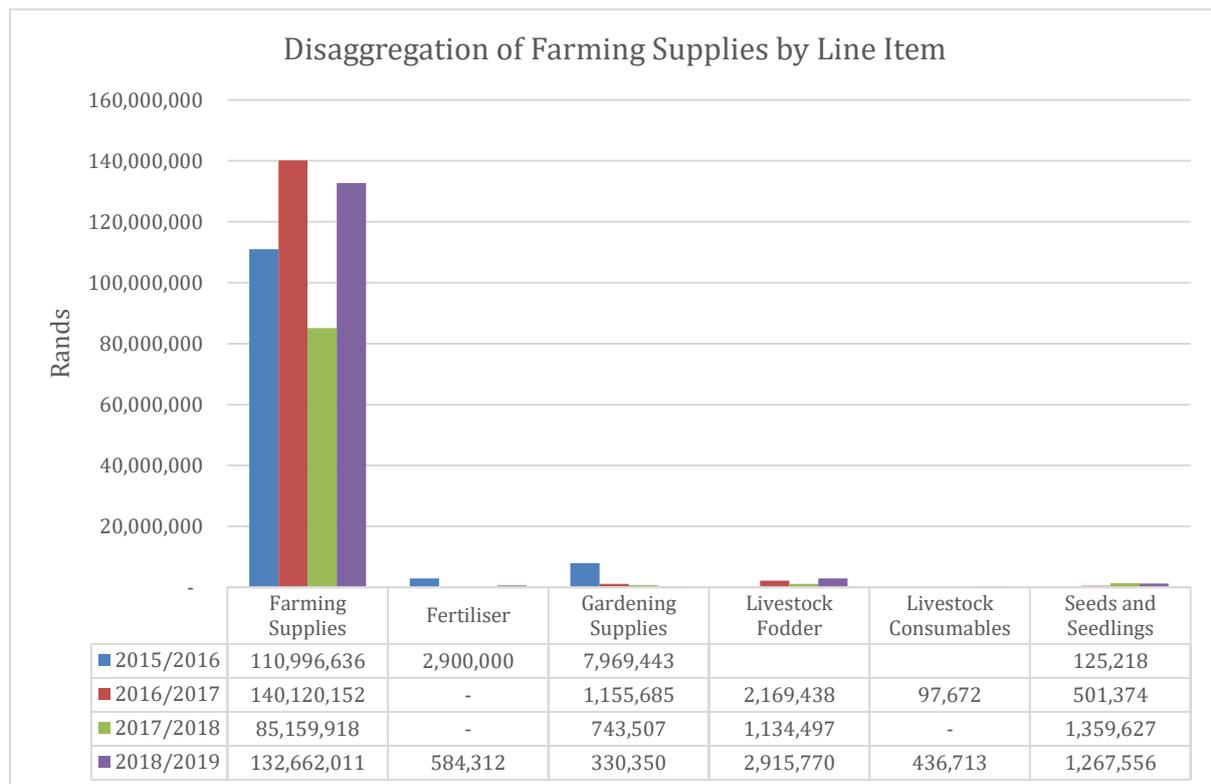


Granted, most government programmes tend to be personnel-intensive, but in this instance, it is more than intriguing that management and administration comprise over 57 per cent of the headcount associated with this programme, and the relevant professionals (veterinary, life science) the rest. Rationalisation of this headcount should be the first target of this programme.

Farming Supplies

Farming supplies are at the heart of what the Farmer Support Programme aims to achieve – which is to supply various types of farming infrastructure and inputs to beneficiaries, with a view to scaling up production and eventually moving them up the value chain, from subsistence to commercial viability, while at the same time achieving the broader transformation goals as well as job creation.

Disaggregation of Farming Supplies



What can be seen from the illustration above is a disaggregation of what constitutes farming supplies. The data from BAS provides a number of categories; by far the most significant amounts fall within 'Inventory: Farming Supplies', which is a blanket line item that covers everything from hydroponic structures to JoJo tanks to the drilling of boreholes and erection of piggery and poultry structures.

This has been explained to be an accounting necessity, as these are unrequited, and what procured under this line item is not for use by the department but the beneficiaries. This has

the effect of obscuring exactly what is done – and if the department does not work according to plan, but makes up for it by conducting alternative procurement, it will only be evident after the fact.

Over the past few years, the department has experienced a number of challenges in spending these funds, ascribed to a number of reasons, such as the introduction of the Infrastructure Delivery Management System (IDMS), introduced three additional stages to a project life cycle, and which now requires a number of steps to be undertaken when delivering infrastructure projects, such as Project Initiation Reports (PIRs) to be approved by Treasury prior to embarking on planning, as well as Stage 0, which is the development of a business case outlining the rationale for a project.

With these delays resulting in the risk of funds remaining unspent, there has been a tendency to undertake alternative procurement in order to ensure that budgets are spent in full.

Examples of procurement with no value for money

	Price (Unit/Kg)	Price Paid by Department	Difference	Number of Units Procured	Total Cost	Potential Saving if Market Price Used
JoJo Tanks	R5 000	R7 995	(R2 995)	5	R39 975	(R14 975)
Farm-certified Maize Seeds	R500	R4 089	(R3 589)	795	R3 250 866	(R2 853 366)
Drilling and Installation of Boreholes	R100 000	R230 000	(R130 000)	30	R6 900 000	(R3 900 000)
Hydroponic (Greenhouse) Tunnels	R40 000	R75 000	(R35 000)	90	R6 750 000	(R3 150 000)

- **Production inputs** – During the 2017/18 financial year, GDARD supplied farmers with costly maize seeds, at about R4 000/25kg packet, instead approximately R400 for the same quantity
- **Borehole drilling and equipping** – In 2012/13 the department budgeted R100 000 for drilling and equipping boreholes, significantly beyond the prevailing market costs of R30 000 (assuming no extraneous circumstances like rocky land, and other geotechnical challenges)

- **Hydroponic tunnels** – Unit pricing, at about R75 000 per tunnel in 2012/13, was nearly double the market price, as checked against suppliers like Dicla. It is unlikely that the department would have spent on high-end material and equipment for this purpose.

5. Performance

Selected Performance Indicators, 2015/16 – 2018/19

Programme / Sub-programme / Performance Measures	2015/16 Planned	2015/16 Actual	2016/17 Planned	2016/17 Actual	2017/18 Planned	2017/18 Actual	2018/19 Planned	2018/19 Actual
Number of agricultural infrastructure established	27	85	89	146	20	5	20	-
Number of smallholders provided with agricultural advice	2 000	2 461	2 200	2 242	2 260	1 688	2 300	1 884
Number of women farmers supported	46	64	60	60	60	51	70	81
Number of smallholder producers receiving support	166	206	180	180	200	122	220	242
Number of households benefitting from agricultural food security initiatives	8 000	10 698	7 000	8 235	3 580	2 724	3 620	4 087
Number of hectares protected / rehabilitated to improve agricultural production	800	1 873	800	2 085	800	1 531	2 800	140
Number of school food gardens supported	62	69	80	85	50	52	51	54
Number of community food gardens supported	65	62	80	108	50	50	51	117
Number of women benefitting from community food gardens	600	463	768	798	580	356	620	620
Number of hectares cultivated for food production in communal areas and land reform projects	500	6 038	600	3 621	600	1 534	660	2 267
Number of green jobs created	105	175	100	184	90	118	100	271
Number of participants trained in agricultural skills development programmes	500	505	600	694	650	303	700	323
Number of smallholder farmers trained	1 600	1 895	2 000	2 140	2 200	2 038	2 260	1 755
Number of commercial farmers trained	36	36	40	41	40	40	50	54
Number of Primary Animal Health Care (PAHC) veterinary interventions to small-scale farmers	37 580	89 652	70 000	100 086	85 000	99 280	95 000	103 623
Number of mobile veterinary services in townships	40 000	41 893	45 000	66 535	47 500	106 600	70 000	115 586
Number of animal health regulatory veterinary interventions with emerging and commercial farmers	148 220	220 429	180 000	244 585	209 000	223 692	209 000	267 366
Number of hectares worked by GDARD tractors	2 500	4 950	3 500	8 023	3 500	5 037	3 500	7 450

Note: This is a sample of performance indicators; those that do not cover the full 4-year period are omitted

The main activities can be categorised as follows:

- **Agricultural extension and advisory services** – these are rendered to subsistence farmers, smallholder farmers, aspirant and commercial farmers, in order to enable them improve their practices, as well as assist them to respond to emerging challenges

such as climate change and an ever-changing market environment. Agricultural extension provides the required knowledge skills and ideas.

- **Production inputs and tractors/mechanisation** – this not only focuses on the number of smallholders but also the acreage of land under maize production. This also extends to the provision of production inputs such as seeds, fertilisers, tools and irrigation materials
- **Food security initiatives** – these typically address poverty-related challenges, with focus in individual, school and community food gardens
- **Primary Animal Health Care** – this is usually to small-scale and commercial farmers

The inability to provide farm infrastructure in 2019/20 is directly linked to the strictures introduced by the IDMS while procurement challenges have also arises from the introduction of the Open Tender System by Gauteng Province. This has had the unintended consequence of the inability to award tenders due to non-responsiveness, as well as poor technical specifications that result in cancellation and re-advertisement as no suitable service providers can be found.

Some of these indicators (highlighted in the table above) also have an element of ambiguity and do not clearly outline what is being measured, or what result is sought (i.e. do not adhere to the 'SMART' principles of Specific, Measurable, Achievable, Relevant and Time-based. These indicators are set by the Agricultural Sector and not GDARD, and their usefulness can be called into question, especially when they have been over-achieved by a large margin. Moreover, they are largely input and activity indicators in nature, which makes it very difficult to gauge the success of the relevant interventions.

6. Options

(I've left this blank as I didn't use a costing model)

7. Recommendations

Based on the foregoing discussion, it is clear that the outlay for Farmer Support Programme is heavily skewed towards personnel – and management/administrative personnel at that. Furthermore, of the amounts spent for actual farm inputs, there is reason to believe (based on the relatively modest sample of items) that there is widespread inefficiency in procurement of goods and services, which negates the objectives of the programme.

The first option would be:

- Overhaul the programme structure, and reduce drastically the number of managers and administrators in favour of frontline personnel;
- Bring to an end the wasteful procurement practices that allow for obscene mark-ups of goods and services;
- Scrutinise unit prices and costs, in conjunction with the Provincial Supply Chain Unit, and addressing any glaring anomalies with the department;
- Extend the invoice verification process to include even items procured from the PES funding; and
- Revisit some of the performance indicators that are difficult to measure for impact or relevance, and instead of spreading itself too thin, focus on a few things that it can do well.

It is possible to cut budgets for this programme without doing much damage. A deeper analysis of prices paid for goods and services will, without a doubt, reveal that the concept of value for money has not taken root in this department; with judicious procurement, a greater number of farmers can be served with the same budget, if more efficiencies were sought.

8. Action

The first step, within one month, is to liaise with other business units within the Gauteng Treasury to share our knowledge and understanding of GDARD and its way of doing business, in order to formulate an action plan that will not involve reinventing the wheel

The second step, by the third month, will be to initiate candid conversations with the department during the Medium-Term Expenditure Committee (MTEC) hearings, as a way of signalling GPT intent for the department to start doing things differently.

Thirdly, within one year, undertake, or commission the undertaking of an impact assessment of GDARD funding for its Farmer Support Programme.

ANNEXURE 1: LOGFRAME

IMPACT	IMP1	Increased Food Security		
Indicator				
Frequency				Annual
Source of data				GDARD
OUTCOME	OUTC1	Increased yield by farmers	OUTC2	Graduation of farmers from subsistence to commercial
Indicator		Tonnage		Number of new commercial farmers
Frequency		Annual		Annual
Source of data		Management Information Systems		Survey
Final Output	FOUT1	Increase in number of farmers supported	FOUT2	Increased output by supported farmers
Indicator		% of farmers supported by Farmer Support Policy		% of output by supported farmers
Frequency		Annual		Annual
Source of data		Farm inspections		Farm inspections
Intermediate outputs	IOUT1	Approved Farmer Support Policy	IOUT2	Monitoring and Evaluation of Implementation of Policy
Indicator		Policy Approved by HoD		Number of emerging farmers supported
Frequency		Three-yearly		Annual
Source of data		GDARD Website		Districts
Activities	ACT 1.3	Cost the Farmer Support Policy	ACT 2.3	Support by Agricultural Extension Officers
Indicator		Costed Farmer Support Policy		% spend on extension services
Frequency		Three-yearly		Annual
Source of data		Department		BAS
Activities	ACT 1.2	Consultation with Stakeholders	ACT 2.2	Drilling of Boreholes, Erection of Structure, etc.
Indicator		Draft of Farmer Support Policy		Budget for Farmer Support Programmes
Frequency		Annually		Quarterly
Source of data		Department		BAS
Activities	ACT 1.2	Draft the Farmer Support Policy	ACT 2.1	Supply of Farm Inputs to Beneficiary Farmers
Indicator		Draft of Farmer Support Policy		Procurement Plans
Frequency		Three-yearly		Quarterly
Source of data		Department		SCM
Activities	ACT 1.1	Conduct a Needs Analysis for the Farmer Support Programme	ACT 1.2	Procurement of Farm Inputs
Indicator		Needs Analysis Report		Approved provincial costed implementation plan and budget
Frequency		As needed		As needed
Inputs		Policy and Planning Officials, Line Managers		Policy and Planning Officials, Line Managers
Performance indicator		Policy Framework		Policy Framework
Frequency		As needed		As needed
Programme elements		Develop policy framework		Develop policy framework
Responsibility		Policy Unit		CD: Strategy and Policy

ANNEXURE 2: EXPENDITURE DATA

The expenditure data are aggregated from budget programme level and Standard Chart of Accounts (SCOA) line item into implementation data aggregated by expenditure buckets, in order to capture department-wide expenditure on Farmer Support. The data are province-wide and therefore not able to shed light on the five corridors/ districts.

Row Labels	2015/2016	2016/2017	2017/2018	2018/2019	Grand Total
Salaries and Wages	126 828 815	128 711 258	140 385 780	160 911 467	556 837 320
Farming Supplies	121 991 296	144 044 322	88 397 549	138 214 472	492 647 638
Fleet Services (inc. Travel & Subsistence)	31 739 896	15 111 971	16 434 201	21 286 893	84 572 960
Administrative and Operating Expenses	24 625 100	17 749 460	18 606 290	22 357 766	83 338 616
Veterinary Consumables	4 229 551	8 360 825	6 140 017	6 838 272	25 568 664
Contractors	6 882 425	6 277 829	174 225	2 980 752	16 315 232
Consultants	4 484 485	5 999 108	2 803 305	2 220 392	15 507 289
Payments to Agencies	11 500 000	1 500 000	-	-	13 000 000
Consumables	2 001 256	1 179 732	1 940 438	4 461 359	9 582 786
Training and Development	553 369	3 555 059	1 298 709	932 563	6 339 699
Protective Clothing	591 973	327 186	590 524	3 529 482	5 039 166
Farming/Agricultural Equipment	126 860	1 647 459	687 631	991 905	3 453 856
Contractors (Maintenance)	1 212 427	844 530	484 777	499 445	3 041 179
Other Contractors	41 400	632 203	261 726	1 404 711	2 340 040
Laboratory Consumables	75 472	122 458	1 599 063	254 265	2 051 258
Grand Total	336 884 325	336 063 400	279 804 233	366 883 743	1 319 635 702

Source: BAS

HEADCOUNT BY OCCUPATIONAL CLASSIFICATION

	2015	2016	2017	2018
Managers	411	375	346	407
Office Clerks And Related Keyboard Operators	231	193	201	237
Veterinary And Related Professionals	147	137	135	130
Life Science Technicians & Related Associate Professional	137	87	80	88
Life Science Professionals	96	82	85	86
Other Occupations	41	33	50	50
Modern Health Associate Professionals.(except Nursing)	43	41	31	26
Auxiliary And Related Workers	25	24	25	24
Management Related Support Professionals			6	16
Cleaners in Offices Workshops Hospitals etc.	11	9	9	10
Other Administrative Policy And Related Officers	13	8	9	9
Safety And Quality Inspectors	13		6	9
Physicists, Chemists And Related Professionals				4
Messengers Porters And Deliverers	1	1	1	1
Motor Vehicle Drivers				1
Grand Total	1 169	990	984	1 098

Source: PERSAL